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AUDIT AND GOVERNANCE COMMITTEE

Tuesday 10 March 2026
2.00 pm
Council House, Plymouth

Members:
Councillor Allen, Chair
Councillor Finn, Vice Chair
Councillors Cuddihee, P.Nicholson, Raynsford and Sproston.
Independent Member Mrs Benny.

Members are invited to attend the above meeting to consider the items of business overleaf.

You can watch any of our webcast meetings on YouTube. For further information on attending Council meetings and how to engage in the democratic process please follow this link - Get Involved

Tracey Lee
Chief Executive

Audit and Governance Committee

Agenda

1. Apologies

To receive apologies for non-attendance submitted by Committee Members.

2. Declarations of Interest

Councillors will be asked to make any declarations of interest in respect of items on the agenda.

3. Minutes **(Pages 1 - 12)**

To confirm the minutes of the meeting held on 20 January 2026 and the meeting of the Audit and Governance Sub-Committee – Armada Way Independent Learning Review Action Plan on 14 January 2026.

4. Chair's Urgent Business

To receive reports on business which, in the opinion of the Chair, should be brought forward for urgent consideration.

5. External Audit Progress Report and Sector Updates: **(Pages 13 - 38)**

6. Update on External Audit Actions: **(Verbal Report)**

7. Final Accounts 2024/25 Update: **(Pages 39 - 50)**

8. Procurement Strategy 2024-2026 Year 2 Progress Report: **(Pages 51 - 88)**

9. Treasury Management Practices Principles and Schedules 2026/27: **(Pages 89 - 148)**

10. Internal Audit Strategy and Charter 2026/27: **(Pages 149 - 160)**

11. Internal Audit Plan 2026/27: **(Pages 161 - 178)**

12. Anti-Fraud and Corruption Policy 2026: **(Pages 179 - 190)**

13. Whistleblowing Policy: **(To Follow)**

14. Pre-election guidance: **(Pages 191 - 202)**

15. Action Log: **(Pages 203 - 206)**

16. Work Programme: **(Pages 207 - 210)**

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Audit and Governance Committee

Tuesday 20 January 2026

PRESENT:

Councillor Allen, in the Chair.
CouncillorFinn, Vice Chair.
Councillors Cuddihee, Raynsford and Sproston.

Apologies for absence: Councillor P.Nicholson.

Independent Member Mrs Annette Benny was in attendance via Microsoft Teams, and so was unable to vote.

Also in attendance: Liz Bryant (Service Director for Legal Services), Hannah Chandler-Whiting (Principal Democratic, Governance and Scrutiny Officer), Wendy Eldridge (Lead Accountancy Manager), Glenda Favor-Ankersen (Head of Elections and Democratic Support) (via Teams), Grace Hawkins (Public Sector Audit Director, Grant Thornton), Carolyn Haynes (Lead Accountancy Manager), Pete Honeywell (Transformation Architecture Manager), Bradley Hutton (Senior Assurance Manager, Devon Audit Partnership), David Johnson (Audit Manager, Grant Thornton), Barrie Morris (Partner, Grant Thornton) and Ollie Woodhams (Head of Finance).

The meeting started at 2.02 pm and finished at 4.51 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

47. **Declarations of Interest**

No declarations of interest were made.

48. **Minutes**

The minutes of the meeting held on 18 November 2025 were agreed as an accurate record.

49. **Chair's Urgent Business**

There were no items of Chair's urgent business.

50. **Action Log**

The Committee noted its action log.

51. **Work Programme**

The Committee noted its work programme.

52. **External Auditor Findings Report**

Barrie Morris (Partner, Grant Thornton) introduced the item and highlighted:

a) The audit was substantially complete, with one material area outstanding relating to capital grants. Sample testing had identified that grants recorded as "capital grants unapplied" did not meet the criteria, and should instead be recognised as revenue due to the absence of conditions. Officers were reviewing a wider set of grants to determine whether the same issue applied. A material adjustment would be required, and delegated authority would be needed for final approval of the statement of accounts once this amendment was made.

Grace Hawkins (Public Sector Audit Director, Grant Thornton) added:

b) Four significant risks were identified in the original audit plan, all now complete and no additional risks had been identified;

c) Management override of controls showed no evidence of bias or inappropriate journals. There was one recommendation rolled forward regarding review of journals under £500k;

d) Land and buildings valuation testing identified several immaterial errors, but recommendations had been issued;

e) Investment property valuations also contained immaterial variances;

f) Pension fund liability variances were immaterial for the Council's share (16% of the fund);

g) IFRS 16 (International Financial Reporting Standards) testing was substantially complete, with one immaterial outstanding query.

Supported by David Johnson (Audit Manager, Grant Thornton), Ollie Woodhams (Head of Finance) and Carolyn Haynes (Lead Accountancy Manager), in response to questions, the following discussion took place:

h) Materiality was derived from gross expenditure and adjusted based on risk;

i) In relation to Council debt, auditors explained that affordability of borrowing formed part of the Value for Money (VfM) assessment rather than the financial statements audit;

j) The Council's treasury management strategy and MTFS (Medium Term Financial Strategy) had to demonstrate the long-term affordability of debt;

k) Auditors explained the delegated authority was an unusual situation due to the tight timetable created by the national backstop arrangements. The adjustment was isolated to capital grants received in advance and a retrospective report would be presented to Committee;

l) In relation to valuation of and land and buildings, it was clarified that extrapolated errors totalled £2m and remained immaterial;

m) Indexation information would be provided in the 2025/26 accounts;

n) Auditors confirmed named officers would be removed from the final report;

o) Officers acknowledged the omission of Plymouth Science Park and committed to improving processes so this did not happen again;

p) It was hoped the audit certificates for 2024/25 audits would be issued quicker than those for 2023/24, but the Committee would be kept up to date on that timeline;

q) The significant weaknesses identified and the need to ensure alignment between external audit recommendations and the internal audit programme.

53. **Update on External Audit Actions**

Ollie Woodhams (Head of Finance) introduced the item and highlighted:

a) Since September 2025, three additional audit actions had been closed, subject to cross-checking with the new audit findings report;

b) Historic actions would be reassessed against new findings;

c) A full written report would be brought to the March or June 2026 meeting of the Committee.

In response to questions, the following was discussed:

d) Committee members acknowledged the difficulty of clearing historic backlogs and thanked officers and auditors for their hard work.

54. **Final Statement of Accounts 2024/25**

Carolyn Haynes (Lead Accountancy Manager) introduced the item and highlighted:

a) The accounts presented were not final due to the outstanding capital grants adjustment and other disclosure updates;

b) The Council would receive a disclaimed opinion due to national issues affecting the opening balances for many authorities;

c) The accounts had to be completed by 27 February 2026 to comply with statutory backstop deadlines;

d) A draft Letter of Representation and draft Audit Opinion were included;

e) Key amendments already made included related-party corrections and pensions disclosures.

Supported by Barrie Morris (Partner, Grant Thornton), in response to questions, the following was discussed:

f) With regards to the future impact of disclaimed opinions, multiple years would be required to fully rebuild assurances, and the challenges were sector-wide;

g) The capitalisation direction had been awarded and would appear in the 2025/26 accounts.

The Committee agreed:

1. To approve the Statement of Accounts for 2024/25;

2. To delegate authority to the Section 151 Officer in consultation with the Chair of Audit and Governance Committee to sign the Accounts and Letters of Representation on behalf of the Council once the audit opinions were provided, and to approve any final amendments to the Statement of Accounts arising from the closing stages of audit work;

3. To note the amendments to the 2024/25 accounts;

4. To approve the Letter of Representation prior to submission to the Auditor;

5. To approve the 2024/25 Annual Governance Statement, which would be signed by the Leader and the Chief Executive, confirming the governance arrangements that were in place during the year, it will also be published with the Statement of Accounts;

6. That the draft Audit Opinion Report for 2024/25 was considered.

For (4)
Councillors Allen, Cuddihee, Raynsford and Sproston.

Abstain (1)
Councillor Finn.

Against (0)

55. **Capital Finance Strategy**

Ollie Woodhams (Head of Finance) introduced the item and highlighted:

a) The strategy was one of three core financial frameworks alongside MTFS and the Treasury Management Strategy;

b) Uncertainty remained regarding Dedicated Schools Grant (DSG) national support; figures had the potential to change before February 2026's City Council meeting;

c) A major capital programme review had been conducted, with significant re-profiling and removals;

d) A capital pipeline had been prepared for forward planning and affordability testing;

e) Pipeline projects demonstrated significant investment in Plymouth's assets;

f) Borrowing affordability principles included:

   i. A 12.5% cap on core financing costs as a percentage of net revenue budget;

   ii. Long-term ambition to reduce this to 10%;

   iii. A £900m debt ceiling on non-income-backed borrowing for capital investment.

In response to questions, the following was discussed:

g) DSG deficit was funded locally, with a statutory override ending in 2028, which allowed it to not be factored into the minimum revenue provision, national announcements regarding the future of the DSG deficit were expected in February 2026;

h) Essential infrastructure and statutory assets required borrowing;

i) Borrowing funding to unlock match funding generated greater levels of investment in the city;

j) Pipeline borrowing was driven by the capital programme, DSG and strategic investment;

k) Minimum Revenue Provision (MRP) ensured debt was repaid over asset life;

l) Principles had been updated to reflect local priorities and ensure prudence. A 10% threshold was considered ambitious and required multi-year modelling;

m) The nature of the pipeline capital investment was fundamentally different from past investments and the Council would be taking more of a leadership role, rather than a direct investment role, an example was the regeneration of the Civic Centre;

n) A government announcement regarding SEND (special educational needs and disabilities) reform was expected in Spring 2026;

o) The funding arrangements and impact of Local Government Reorganisation (LGR) were not yet known.

The Committee agreed:

1. To note the draft Capital Strategy;

2. To request that the Capital Strategy was scheduled for 2026/27 to include consideration of reduction of the 12.5% cap on core financing costs as a % of net revenue budget over time, and to invite the relevant Cabinet Member for that item.

At the conclusion of this item, the Committee adjourned for five minutes.

56. **Treasury Management Strategy**

Wendy Eldridge (Lead Accountancy Manager) introduced the item and highlighted:

a) The strategy incorporated Arlingclose's December 2025 economic forecasts;

b) Capital financing requirement for 2026/27 was estimated at £961m;

c) £936m assumed debt, noting that this included nearly £100m DSG deficit;

d) Operational and Authorised limits were set out which included other long term liabilities through PFI (Private Finance Initiative) liabilities and finance leases;

e) Plymouth City Council (PCC) held £44m LOBO (Lender Option Borrower Option) borrowing arrangements, a reduction of £10m from the 2025/26 Treasury Management Strategy;

f) From Arlingclose projections, interest budget assumptions had been set at 4.5% for long-term borrowing sources such as PWLB (Public Works Loan Board);

g) Debt rescheduling options would be explored to understand the potential to reduce cost and risk, and whether it offered revenue saving options;

h) Investment income assumptions were set at 3.75%;

i) Prudential indicators;

j) Risks of borrowing were always considered;

k) Debt was not extended beyond a period where PCC would need to re-finance the asset;

l) Appendices detailed forecasts, debt portfolios, and budget impacts.

In response to questions, the following was discussed:

m) PFI liability figures had a previously higher estimate, related to IFRS 16 assumptions, but final audited figures were significantly lower following detailed calculation;

n) With regards to Municipal Bonds Agency borrowing, the Council retained flexibility; PWLB and local authority borrowing was currently more favourable.

The Committee noted the draft Treasury Management Strategy.

57. **Risk Management Strategy Update**

Bradley Hutton (Senior Assurance Manager, Devon Audit Partnership) introduced the item and highlighted:

a) Strategic risks had been identified and reported previously;

b) Next phase was operational/service risk mapping;

c) A full update would be brought to the March 2026 Committee meeting.

The Committee noted the report.

58. **Armada Way Action Plan Sub-Group Update**

Liz Bryant (Service Director for Legal Services) introduced the report and highlighted the following:

a) The Sub-Committee had met twice and reviewed work across governance, project management, consultation, training, wellbeing, and environmental regulations;

b) All actions within the formal Action Plan had been completed within timescales;

c) Embedding work would continue, including a full constitutional review and project management office establishment;

d) Training programmes were being rolled out;

e) A Pre-Election Protocol review paper would come to the Audit and Governance Committee in March 2026.

In response to questions, the following was discussed:

f) Officers would ensure that all agreed timeframes were covered through the internal audit review for 2026/27 to ensure completion **ACTION**.

The Committee agreed to note:

1. The actions undertaken as required under the Armada Way Independent Learning Review Action Plan had been reported to and monitored by the sub-committee;

2. That the sub-committee have confirmed that they are satisfied with the progress reported and that the requirements of the Action Plan have been met;

3. That the sub-committee endorsed the ongoing implementation of longer-term changes, including the full constitutional review and project management office establishment;

4. That a full report setting out the recommendations proposed following the review of the Council's approach to the pre-election period was brought the meeting of the Audit and Governance Committee on 10 March 2026.

59. **Cyber Security Update on Management Actions**

Pete Honeywell (Transformation Architecture Manager) introduced the item and highlighted:

a) Cyber threat levels remained high and increasingly sophisticated;

b) Governance improvements implemented included an updated cyber risk policy, clearer roles/responsibilities, and the establishment of the PCC–DELT Cyber Board, following recommendations from Devon Audit Partnership;

c) Improvements were underway to streamline and automate user management processes when processing joiners, movers, leavers.

In response to questions, the following was discussed:

d) Although technology evolved rapidly, core risk principles remained stable and separate policies existed for AI (artificial intelligence);

e) The Council tracked local near misses and also learnt from national cyber case studies.

60. **Exempt Business**

The Committee agreed to pass a resolution under Section 100A (4) of the Local Government Act 1972, to exclude the press and the public from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

61. **Cyber Security Update on Management Actions**

Please note that there is a confidential part to this minute.

The Committee agreed to note the progress made in response to cyber security risk recommendations.

Audit and Governance Sub-Committee - Armada Way Independent Learning Review Action Plan

Wednesday 14 January 2026

PRESENT:

Councillor Finn, Vice Chair in the Chair.
Councillors Raynsford, Sproston and Stevens (substitute for Councillor Allen).

Apologies for absence: Councillors Allen, Cuddihee and P.Nicholson.

Also in attendance: Si Bellamy (Chief Operating Officer), Liz Bryant (Service Director for Legal Services), Jill Ellis (Head of Operational Development), Pete Honeywell (Transformation Architecture Manager) and Jamie Sheldon (Democratic, Governance and Scrutiny Service Manager).

The meeting started at 12.00 pm and finished at 12.59 pm.

Note: At a future meeting, the Panel will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

6. Declarations of Interest

There were no declarations of interests made.

7. Minutes

The minutes of the meeting held on 30 October 2025 were agreed as an accurate record.

8. Chair's Urgent Business

There were no items of Chair's urgent business.

9. Action Plan Progress Update

Liz Bryant (Service Director for Legal Services) introduced the item and highlighted:

a) The Committee had previously indicated satisfaction with the level of progress;

b) Much of the action plan had already been completed at the time of the last meeting;

c) The purpose of this meeting was to provide final confirmation of completion across all areas and seek closure of the action plan.

In relation to Governance, the following update was provided:

d) A substantial review of the constitution had begun, with specific attention on key decision-making thresholds, urgency procedures, use of the forward plan, capital programme governance, and recording of legal advice;

e) Plymouth's key decision thresholds (£1m revenue and £3m capital) were significantly higher than comparable authorities, creating subjectivity around what constituted a significant decision and lower thresholds were recommended in line with national guidance and benchmarking;

f) Officers reviewed urgency procedures, noting they were legally compliant but overly dispersed, requiring consolidation;

g) There was a proposal the Chair of the Scrutiny Management Board be given 24 hours to consider urgency requests, improving transparency and managing complexity;

h) A review of the Forward Plan confirmed compliance with the 28-day rule, but officers recognised that decisions with long lead-in times should appear earlier;

i) Legal implications needed to always be included in decision reports; templates had been amended to reflect this;

j) Pre-election guidance had been externally reviewed, with external legal advice confirming previous concerns about over-restrictiveness during the Armada Way decision period. Revised guidance would be reported to Audit & Governance Committee in March 2026.

In relation to Project and Capital Programme Management, the following update was provided:

k) The Corporate Programme Management Office (CPMO) had progressed significantly since the last meeting;

l) CPMO provided oversight of benefits realisation, budget tracking, risk management, and stakeholder engagement, but did not remove accountability from project teams;

m) The Capital Programme Handbook had been updated following recommendations, and a report would be taken to the Audit and Governance Committee later in 2026.

The following was explained in relation to the Consultation and Engagement element:

n) The consultation and engagement framework was fully embedded. Staff communications had been issued, and training was being developed;

o) WSP Ltd had been appointed to develop the City Centre Vision, fulfilling the requirement for improved strategic direction.

Environmental Regulations updates included the following:

p) The Tree Management Principles document had been reviewed by the Tree Steering Group and the Natural Infrastructure and Growth Scrutiny Panel, and both had expressed support;

q) Senior management had endorsed the document, including additional actions for training and CPMO oversight to ensure compliance;

r) Implementation monitoring would be undertaken to ensure principles did not become static.

In relation to employee wellbeing, the following was discussed:

s) Survey results had been analysed and shared with senior management;

t) Directorate-level action planning was underway.

Si Bellamy (Chief Operating Officer), Pete Honeywell (Transformation Architecture Manager) and Jill Ellis (Head of OD) added:

u) The implemented actions would result in improved oversight, assurance delivery, and how projects interlinked;

v) Project managers were being trained in the basic requirements for all projects, reenforcing this across the organisation and to ensure that the community of project managers were properly supported;

w) The People Strategy presented to Cabinet in December 2025 aligned with many themes from the survey and these issues would be addressed throughout 2026;

x) Procurement of staff safety alert devices was progressing, with implementation targeted for April 2026;

y) The dangerous sites database has been fully designed and completed.

In response to questions, the following was discussed:

z) Committee members emphasised the importance of ensuring constitutional changes were completed alongside major projects, particularly the City Centre Masterplan;

aa) Concerns were raised about reputational risk, emphasising that communication, transparency, and early engagement were essential to prevent misinformation and public distrust and to exist as a ‘boundary

function';

bb) Officers confirmed communications were embedded into every major project, with structured links to the CPMO;

cc) Committee Members discussed the need for early Scrutiny involvement in major projects, learning from Armada Way and ensuring information was publicly available to limit misinformation;

dd) The engagement and consultation toolkit was a positive step towards ensuring community voices were present within Council projects from the outset;

ee) The CPMO would standardise risk assessments and elevate high-impact risks to senior management;

ff) Potential for misinformation and different narratives were a risk and a challenge, and so it was important to have a 'single version of the truth' and to present the facts to the best of the Council's knowledge to be clear with communities about expectations, but also to provide more realistic budgets and timeframes as often there needs to be flexibility within these;

gg) The importance of openness and removing unnecessary barriers to public visibility of works and producing accessible and authoritative documents such the Tree Management Principles;

hh) The Council aspired to be an organisation better at learning and was looking to other authorities to learn and benchmark through the LGA (Local Government Association) and Corporate Peer Challenges and was looking to link with the Major Projects Association in the future;

ii) Information would be provided on any employee wellbeing and training improvements that might be available to Councillors **ACTION**;

jj) Projects had benefits they aimed to deliver and the success of a project was measured against these.

The Committee agreed to:

1. Note the progress made to date against the matters reported and the completion of the actions required;

2. Note that the Pre-election guidance would be on the Audit and Governance Committee agenda in March 2026.

10. **Action log**

The Committee noted its action log.

Grant Thornton

Plymouth City Council

Audit progress report and sector updates

March 2026

Agenda

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Audit Progress Report

Grant Thornton

Introduction

This paper provides the Audit & Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit & Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:
Local government | Grant Thornton

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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Progress as at March 2026

Financial Statements Audit

We issued our opinion on the 2024-25 financial statements audit on 23 February 2026 ahead of the national backstop date.

We will undertake our initial planning for the 2025/26 audit in March 2026 and will discuss with management a suitable timetable for the interim audit. We begin our work on your draft financial statements in September will an aim to complete the work by the end of November.

Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audit;
- reviewed board papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- met with the Chief Executive and the interim Director of Finance to provide informal feedback on progress of the audit cycle and get a deeper understanding of potential issues and challenges facing the Authority. This has included meetings with management to discuss proposed actions to address audit recommendations;
- Considered any further sector wide reporting requirements or issues that would directly impact the Authority
- We will issue a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2025/26 financial statements at the next Audit & Governance Committee

Value for Money

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Authority "has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources."

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from previous work on value for money. We will report our risk assessment to you at the next Audit Committee against the following reporting criteria:

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

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Authority's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

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Progress at March 2026(continued)

Other areas

Certification of claims and returns :

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Works and Pensions (DwP). The certification work for 2024-25 is in progress and we will report any significant findings to the Audit and Governance Committee.

We also certify the Authority's Teacher's Pension return. The certification work for 2024-25 has been completed and submitted in November 2025. There were no significant findings to report the Committee

Meetings

Since commencement of our work we have met with management including the Chief Executive, the interim Director of Finance and other members of the finance team.

Audit Fees

PSAA publish their scale fees: Auditor appointments and scale fees 2023/24 - 2027/28 - PSAA

For Plymouth City Council these fees are £416,515 for the Council audit for the year ending 2026. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Events

We held a webinar for members of Audit Committees on 10th February 2026. We discussed best steps to take "After the Backstop", including:

- Adding value to the financial reporting function; and
- How to navigate the external audit process with success.

We also held the Annual Local Government Accounts webinar for preparers of accounts on 5th and 11th February 2026. Topics we discussed included:

- Aspects of financial reporting that are complex or challenging this year;
- Lessons from the implementation of IFRS 16, with good practice tips for Year Two;
- Avoiding pitfalls in financial instruments;
- Other common accounting and disclosure issues;
- Indexation for property, plant and equipment in 2025/26; and
- Revised statutory guidance affecting Minimum Revenue Provision

These events were attended by a number of the Council officers.

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Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Audit & Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2025/26 financial statements.	April 2026	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the Audit & Governance Committee.	November 2026	Not yet due
Auditor's Report This includes the opinion on your financial statements.	November 2026	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	November 2026	Not yet due

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Audit Deliverables

Below are some of the audit deliverables planned for 2024/25

2024/25 Audit related deliverables	Planned Date*	Status
Teachers' Pensions Scheme – certification This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.	November 2025	Complete
Housing Benefit Subsidy – certification This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.	March 2026	Not yet due

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Sector Updates

After the Backstop: Reset, recovery and reform in the audit of local authority accounts

- Our latest thought leadership report 'After the Backstop: Reset, recovery and reform in the audit of local authority accounts' is now available to read.
- Following the significant milestone of backstop legislation in September 2024, the backlog of unissued accounts has fallen dramatically. The challenge now is to rebuild assurance and secure a sustainable future for the system of local accounts production and audit. The reforms set out in the English Devolution and Community Empowerment Bill are essential to restoring trust and accountability to the local audit system.
- In our March 2023 publication 'About time?' we explored the reasons for delayed publication of audited local authority accounts and set out our recommendations for key stakeholders in the local audit system.
- The backlog of unissued audit opinions peaked some months after our report at 918, on 30 September 2023. The Department for Levelling Up, Housing and Communities (DLUHC) and subsequently the Ministry of Housing, Communities and Local Government (MHCLG) conducted consultations on reset and reform in the local audit system, leading to secondary 'backstop' legislation to clear the backlog. This was a necessary step, allowing auditors and authorities to focus on current periods of account, but it brought with it new challenges, as over 200 authorities received one or more audit disclaimers .
- In this report we explore the development and implementation of a 'reset' of the local audit system, the immediate and longer-term consequences of the 'backstop' before turning attention to the reform of the system, the challenges involved in returning to widespread and sustainable compliance with audit reporting timeframes and what, in our view, is needed next.
- The English Devolution and Community Empowerment Bill paves the way for the creation of a long-awaited and much-needed systems leader for local audit, the Local Audit Office (LAO).
- Key stakeholders including local audited bodies, the audit firms, the Ministry of Housing, Communities and Local Government (MHCLG), Public Sector Audit Appointments (PSAA), the National Audit Office (NAO), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Chartered Accountants in England and Wales (ICAEW) will need to support the successful establishment of the LAO to address the crisis in local public audit.
- All key stakeholders in the local audit system will need to continue their efforts to secure a return to high levels of compliance with timely publication of accounts with unmodified audit opinions. We explore the challenges to establishing and maintaining a sustainable future for local audit in this report. In our full report, we make several recommendations to secure that sustainable future.

The full report is available here:

Local audit reset: What comes after the backstop? | Grant Thornton

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Changes at the top, but no sudden twists and turns

Key information for Audit Committees to be aware of:

Steve Reed replaced Angela Raynor as Secretary of State for Housing, Communities and Local Government on 5th September 2025.

Angela McGovern replaced Jim McMahon as Minister of State at the Ministry of Housing, Communities and Local Government on 6th September 2025.

With Mr Reed moving from the Department for Environment, Food and Rural Affairs, and Ms McGovern moving from the Department for Work and Pensions, it was hard not to wonder what the impact would be on the government's manifesto commitment to build 1.5 million homes by the end of this parliament.

Steve Reed assured Councillors at the September 2025 Labour party conference in Liverpool that there are going to be no "sudden policy twists and turns".

So far, for building homes, this seems to be holding true.

Key homebuilding developments since 5th September are:

On 12th September, Mr Reed met with key developers and housebuilders and issued a 'call to arms' to "build, baby, build".

On 28th September, the Ministry of Housing, Communities and Local Government confirmed it will progress work on 12 new towns.

On 18th November, the Government announced that Housebuilding around train stations will be given a default "yes" if the applications meet certain criteria.

Under the same 18th November measures, Councils are going to be required to inform government when they are inclined to block applications of 150 homes or more so that ministers can decide whether to step in and make the decision themselves instead.

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Autumn Budget 2025

Key information for Audit Committees to be aware of:

Chancellor Rachel Reeves delivered her second Budget on 26th November 2025. Key elements that those in the local government sector need to be aware of are:

- A High Value Council Tax Surcharge (a "Mansion Tax") will be charged on owners of homes valued higher than £2 million. Whilst collection will be the responsibility of councils, the revenues will flow directly to central government.
- Strategic Authority Mayors in England will be empowered to impose a tourist tax on overnight stays. New systems may be needed for compliance and enforcement.
- The two-child benefit cap will cease to apply from April 2026, which may mitigate some demand pressures for housing and social care.
- A new electric vehicle (EV) mileage tax will be introduced, with the promise of doubling future road maintenance funding, but new risks for net zero goals if the public turn away from using EVs.
- The Government commits to devolve at least £13 billion of funding to seven major combined authorities and to create £902 million over four years for local growth funds in 11 Northern and Midlands city regions.
- Future Special Educational Needs and Disabilities (SEND) costs are to be managed by government once the statutory override ends on 31st March 2028. Cumulative deficits at this point will remain with the relevant councils.

For the full Budget, with supporting documents, see: Budget 2025 - GOV.UK

For the Chancellor's speech, see Budget 2025 speech - GOV.UK

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Local Government support and value

Key information for Audit Committees to be aware of:

The Local Government Association (LGA) wrote to the Chancellor of the Exchequer on 10th November, highlighting the key national policy issues currently being addressed by Councils; and the key financial challenges those Councils face.

LGA stated that key national policy issues addressed by Councils are:

- ❖ Building new homes;
- ❖ Unlocking economic growth;
- ❖ Improving the health and life chances of the most vulnerable in society;
- ❖ Supporting children with SEND;
- ❖ Sourcing temporary accommodation; and
- ❖ Working to develop sustainable asylum accommodation and support systems.

LGA stated that key financial challenges faced by Councils are:

❖ Rising levels of debt due to relaxing the financial framework:

- 42 Councils have had to access £5 billion in exceptional financial support since 2020/21; and
- At the start of 2025/26, 1 in 6 Social Care Councils (17 per cent) were dependent on exceptional financial support.

❖ Real cash deficits:

- The national dedicated schools grant cash deficit is on track to reach £5 billion by 2025/26; and
- As a result, substantial cash flow costs are being incurred. The forecast deficit of £5 billion in 2025/26 means Councils will lose £200 million in unearned income alone.

The LGA's letter commented that "while councils have huge potential to support Government in delivering its objectives, we cannot shy away from the scale of the financial challenges the sector currently faces".

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Fair Funding Review

Key questions for Audit Committees to ask officers:

- What impact will the Fair Funding Review have on our medium-term financial plan?
- Have we calculated what level of support we will need from transitional arrangements?
- What mitigations are we planning if we are net "losers" from the new arrangements?

Background:

The first multi-year Local Government Finance Settlement in a decade, together with the Fair Funding Review response, was announced by the Government on 20th November 2025. Significant changes to be aware of are that:

- There will be a single settlement for 2026/27 to 2028/29;
- The government plans to use up to date English Indices of Multiple Deprivation, together with up-to-date services cost and demand data to calculate individual council allocations for 2026/27 to 2028/29; and
- The Children and Young People's Services formula will use the latest index of deprivation affecting children.

Using new indices will inevitably lead to some Councils seeing increases in their allocations, whilst others see decreases. However, there are transitional arrangements to help with managing change:

- A Recovery Grant funding guarantee to upper tier authorities in receipt of Recovery Grant;
- Funding floors and phasing in of new allocations across the multi-year settlement; and
- Additional money in the national settlement for children's social care and a new ring-fenced combined Homelessness, Rough Sleeping and Domestic Abuse grant over three years.

The benefits of using the new indices are expected to be greater transparency; and a reduced reliance on competitive bidding for funds. Reduced paperwork is also expected, as the Government announced it will simplify 33 funding streams, worth almost £47 billion over three years.

Ultimately though, the proof of the pudding will be in the eating. The overall national settlement will need to be fair to the sector as a whole if individual allocations within it are going to be fair as well.

For a full copy of the Ministerial Statement see: Written statements - Written questions, answers and statements - UK Parliament

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Local government reorganisation – latest developments

Opportunity for Audit Committee members to contribute to consultations:

The Government is currently consulting on the proposals it received for local government reorganisation in six areas:

- East Sussex and Brighton and Hove;
- Essex, Southend-on-Sea and Thurrock;
- Hampshire, Isle of Wight, Portsmouth and Southampton;
- Norfolk;
- Suffolk; and
- West Sussex.

The consultations will run for seven weeks until Sunday 11th January 2026. The consultation documents are available on the Department's online platform "Citizen Space" and those responding to the consultations can use the online platform, email or post to submit their views.

Written statements - Written questions, answers and statements - UK Parliament

Other information for Audit Committees to be aware of:

On 28th October, the Government announced the outcome of its consultation on local government reorganisation in Surrey: Two new unitary councils will be created for the county from 1st April 2027. To help prepare for this, the Government committed to repay in-principle £500 million of Woking Borough Council's debt in 2026/27.

Other Councils facing reorganisation are bound to look at Surrey for signs of what may be decided for their areas. It is significant to note that two proposals had been submitted for Surrey (one for two unitaries; and one for three unitaries). The Government confirmed that both proposals met all its criteria, but the two-unitary model was assessed as performing better against the financial sustainability criterion – and was selected for that reason.

When looking ahead at what may follow in other areas, although Surrey is not necessarily a precedent for other areas, it is possible that similar prioritisation may apply again. We note that twenty more areas were required to submit business cases by 28th November 2025 and Government decisions are expected in Spring 2026.

For a full copy of the Ministerial Statement on reorganisation in Surrey, see: Written statements - Written questions, answers and statements - UK Parliament

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Preventative spending

Key questions for Audit Committees to ask officers:

- ❖ What do we spend on prevention?
- ❖ How do we identify and record that spend?
- ❖ How do we measure outcomes from the spend?
- ❖ How do our practices compare with other similar authorities?

Background:

CIPFA and the Health Foundation have developed new methodology for mapping and measuring public sector investment in prevention.

The methodology sets out a four-step approach that enables Councils and other public sector organisations to quantify their prevention spending, making it visible so that it can be protected and prioritised.

The framework has already been tested with four Councils in England and Wales:

- ❖ The London Borough of Merton;
- ❖ Three Rivers District Council;
- ❖ Wigan Metropolitan Borough Council; and
- ❖ Rhondda Cynon Taf County Borough Council.

The report from CIPFA and the Health Foundation sets out three recommendations for Councils and other public sector bodies looking to protect their preventative spending:

- ❖ Apply a consistent approach to map and measure preventative investment;
- ❖ Analyse demand drivers alongside financial data to inform priorities; and
- ❖ Embed prevention into strategies, budgets and governance structures.

For a full copy of the report, see Understanding preventative investment

Next step for Audit Committee members:

CIPFA is now seeking to build on the momentum of this work by establishing a community of practice on preventative investment, to be launched in early 2026. Anyone able to share their experiences and learning should contact: zachary.scott@cipfa.org.

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Performance Trackers 2025

Audit Committees can help their Councils by asking officers what performance data they hold for demand led services; how they set realistic targets; how their Council's performance compares to peers and national trends; and what actions are planned when performance falls below a realistic target.

The Institute for Government (IFG) published its latest performance trackers for public services in October 2025. For demand led services run by Councils, the findings are consistent with other research in the sector.

Children's Social Care:

The IFG reports that costs are rising without outcomes improving in step. Shortages of foster carers and secure children's homes are exacerbating issues in the market.

Performance Tracker 2025: Children's social care | Institute for Government

The IFG's findings are consistent with findings from a separate report by the National Audit Office in October 2025, which also points to supply pressure in the market:

Managing children's residential care.

Homelessness:

The IFG report states that homelessness is costing more but delivering less. There has been an unprecedented "tsunami" increase in demand, fuelled partly by landlords leaving the housing sector. The government needs to shift from crisis response to prevention.

Performance Tracker 2025: Homelessness | Institute for Government

The IFG's findings are consistent with findings from Crisis in November 2025, which notes that demand is rising but it is becoming harder for Councils to access both social housing and private tenancies:

Homelessness Monitor: England 2025 | Crisis UK

Adult Social Care:

The IFG report states that the sector has been neglected by successive governments. Spending has increased but performance has declined.
Performance Tracker 2025: Adult social care | Institute for Government

The IFG's findings are consistent with a recent report by LGiU which points to demand increasing in scale and complexity, costs escalating, market instability, and workforce challenges:

A national care service in England, Scotland and Wales: Briefing 1: the story so far - LGiUUK

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The Covid-19 Inquiry

Key information for Audit Committees to be aware of:

An enhanced role for Councils in national decision making for emergencies looks likely following the publication of Modules 2, 2A, 2B, 2C - Core decision-making and political governance - Volume II - UK Covid-19 Inquiry in November 2025.

The Inquiry found that the "importance of working together" was overlooked by the UK Government. Although the UK does have local resilience forums and partnerships for emergencies, the lack of formalised structure for central government to consult with Councils meant that opportunities for benefitting from local knowledge were lost during the pandemic.

Examples of inadequate engagement with Councils highlighted in the report for England included:

- The government's decision to base a large test centre at Manchester Airport without consulting local leaders as to options that might have been more suitable and centrally located;
- not enough information being given to local leaders in enough time around the implementation of local lockdowns; and
- local leaders being left to find out information relevant to their communities via the media rather than from the UK Government, impacting on the design of schemes for shielding and contact tracing.

Two other Modules that will have a bearing on the work of Councils have yet to conclude:

- Module 6: This module investigates the impact of the pandemic on the publicly and privately funded adult social care sector in England, Scotland, Wales and Northern Ireland. It considers the consequences of government decision-making, including restrictions imposed, on those living and working within the care sector; and
- Module 8: This module investigates arrangements during the pandemic for Children and Young People; Education and Early Years Provision; Physical and Mental Health; and Social Care and Support Services:

With the LGA having pointed out just how many key national policy issues are being addressed by Councils, there has perhaps never been a better time to focus on the "importance of working together".

UK Covid-19 Inquiry

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Special educational needs and disabilities (SEND)

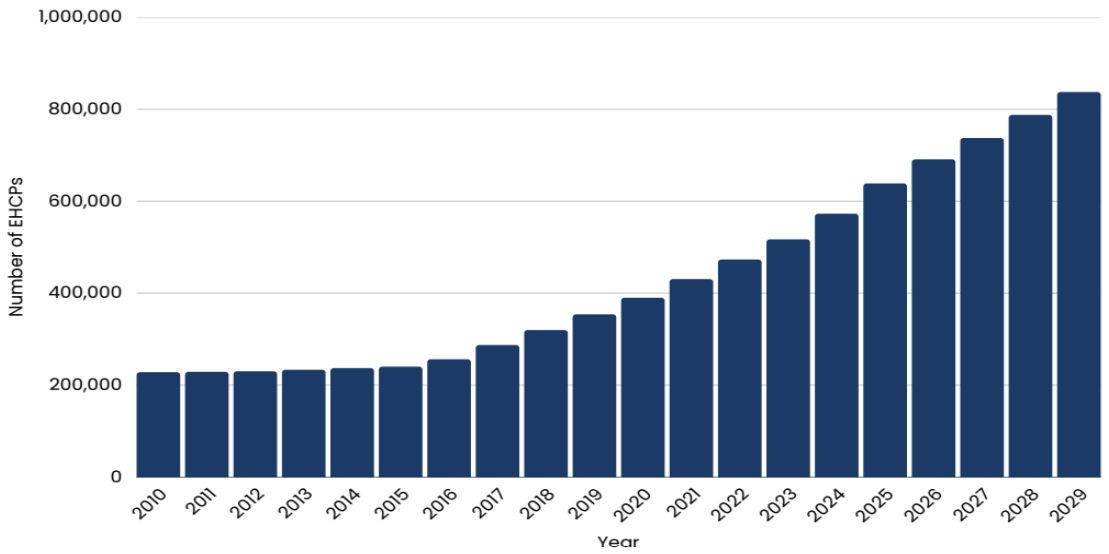
Key information for Audit Committees to be aware of:

Concern at the mounting costs of SEND continued to escalate across the local and central government sector in months leading up to the Budget:

- On 21st October, the National Audit Office's review of the Department for Education 2024/25 highlighted that 43% of Councils are on track to have SEND deficits that are close to or exceed their total reserves by 31st March 2026;
- On 31st October, the National Audit Office reported that the increase in the number of children and young people assessed as having special educational needs has had spiralling implications for Home to school transport, especially considering that travel costs per pupil are higher for children and young people with SEND
- On 6th November 2025, Grant Thornton issued the first ever statutory recommendation in respect of significant weaknesses in management planning for a dedicated schools grant deficit; and
- On 14th November, a new report from the County Councils Network highlighted that the number of children in the SEND system rises every year.

The 26th November 2025 Budget announcement that SEND will be financed centrally from 1st April 2028 will bring relief to Councils. However, clarity on the government's planned reforms will not be clear until the publication of the delayed white paper and confirmation of the next local government finance settlement.

Figure 1 – Number of children and young people with EHCPs (actual to 2025 and projected to 2029). Education, health and care plans, 2025, DfE and survey responses.



Source: the County Councils Network

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The Renter's Rights Act

Key questions for Audit Committees to ask officers:

- How well do we understand the new rules we will be enforcing?
- How many private rented sector properties do we have in our area?
- Do we have existing staff capacity to take on the new enforcement powers, and if not, how are we going to recruit?
- Do we have a strategy for working with partners under the new regime, including landlords, agents, tenants, advisory bodies, and the justice system?

Background:

The Renter's Rights Act became law on 27th October 2025. Under the Act, Councils are going to gain new powers to investigate landlords; act against rogue landlords; and ensure landlord compliance with new standards expected of them. Councils will be required to report on their enforcement activities.

Local housing authorities will receive £18.2 million in 2025/26 to support preparations for the implementation of the Renters' Rights Act 2025 and to build enforcement capacity. Funding will be allocated based on the number of private rented sector properties in each local area. The Government's "Roadmap for reforming the Private Rented Sector" indicates that there will be a further new burdens funding allocation for 2026/27.

Key points from the Roadmap that Audit Committees need to be aware of now are:

- Enforcement guidance for local Councils has been published on GOV.UK. The guidance provides the critical information that enforcement officers will need to know to carry out their work in line with the new legislation;
- There will be a bespoke programme of training, webinars and resources through 'Operation Jigsaw', a cross-local Councils initiative;
- Shelter will deliver training to local Council officers, covering different aspects of the Act, funded by government; and
- Changes will start coming into effect from 1st May 2026.

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Proposed new duty of candour and standards regime

Audit Committees can prepare for change by asking themselves:

- When was our Code of Ethics last updated?
- Are our policies and procedures consistent with expected changes to guidance, and consistent with one another?
- Are we sufficiently candid and transparent?
- When was the effectiveness of our Standards Committee last assessed?
- Are our disciplinary arrangements working well?

Background:

A new Public Office (Accountability) Bill was introduced to Parliament on 16th September 2025 and is now at House of Commons Committee stage.

The Bill aims to impose a duty on "public authorities and public officials" to "at all times act with candour, transparency and frankness in their dealings with inquiries and investigations." Breach of the duty would be a criminal liability.

The Bill is expected to apply not only to both core public bodies delivering public services (Councils) but also private bodies delivering public functions such as those on a government contract.

UK Parliament

Separately, the Bill also proposes:

- A new statutory duty on public authorities to promote and take steps to maintain high standards of ethical conduct, as defined by the Seven Principles of Public Life, or "Nolan Principles", by adopting a code which sets out what is expected of their workforce. Many Councils already do this, but it would become mandatory;
- Reforms that will make it easier to prosecute misconduct in public office; and
- Another new offence of misleading the public.

For a full copy of the Bill, see Public Office (Accountability) Bill - Parliamentary Bills - UK Parliament

In addition, a separate statement by the Government on 11th November 2025 announced that there are going to be "sweeping reforms" to strengthen local government standards. These will include a new mandatory code of conduct and new powers to suspend councillors for serious misconduct.

For a full copy of the announcement, see Tough new powers to clean up local politics.

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Business cases for net zero

Key questions for Audit Committees to ask officers:

- ❖ Do we have decarbonisation or net zero reporting? What format does it take, and is that format standardised?
- ❖ Can we map the link between decarbonisation and net zero spending and tangible outcomes such as job creation, economic resilience, and community wellbeing?
- ❖ Do we horizon scan for new funding mechanisms and new partnerships?
- ❖ Do we share good practice with other similar Councils?

Background:

Councils make significant contributions to the UK's journey towards net zero, generally working towards strategic aims that they (the Councils) voluntarily set for themselves. This could be seen as contradictory to work to promote economic growth and enable new housing.

However, the County Council's Network (CCN) commissioned research showing that business cases for net zero are strongest when they are connected to outcomes around the new jobs and community wellbeing that economic growth and new housing can bring.

CCN published a series of recommendations on how to root the journey to net zero in the broader context of economic growth and job creation.

The recommendations are aimed at rural County Councils, but with local government reorganisation on the horizon, and housebuilding targets affecting all areas of the country, they will be of wider interest as well:

- ❖ Optimise green transition strategies and plans;
- ❖ Ground climate policies in strong business cases;
- ❖ Leverage innovation, partnerships, and funding models; and
- ❖ Promote collaboration and community engagement.

For a full copy of the report, see Resources - County Councils Network

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Healthy environments for resilient towns

Key information for Audit Committees to be aware of:

The Environmental Audit Committee (EAC) concluded in November 2025 that it is "lazy" to write-off nature as a blocker to housing delivery. Instead, the EAC argued that a healthy environment is not only not a luxury, but is in fact a necessity for resilient towns and neighbourhoods:

Environmental sustainability and housing growth.

The EAC made a series of recommendations that were mostly aimed at the UK Government. This included a recommendation to introduce mandatory training in ecology and the decarbonisation of buildings for people working now towards Chartered Town Planner status.

While we wait to see whether any of the EAC recommendations will be implemented, there are things that Councils can be doing now to help the environment in their towns :

- Ensure that the local plan and environmental policies are up to date and consistent with national environmental targets; and
- Encourage awareness of ecology and decarbonisation in the existing planning team whilst waiting for any mandatory training benefits in the next generation of town planners.

As Councils are coming under increasing pressure from the UK Government to approve new housing plans, mindfulness of the environment in the towns that Councillors represent is going to be more important than ever.

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Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

Global Internal Audit Standards in the UK Public Sector | CIPFA

CIPFA Good Governance

Delivering Good Governance in Local Government Addendum

Code of Audit Practice for local auditors (NAO):
https://www.nao.org.uk/code-audit-practice/

The Three Lines of Defence Model (IAA)
https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

Risk Management Guidance / The Orange Book (UK Government):

https://www.gov.uk/government/publications/orange-book

Other CIPFA Guidance and Codes

The following are available from CIPFA but have a charge. We encourage you to make enquiries to determine if copies are available within your organisation:

- Audit Committees: Assessing effectiveness
- Financial Management Code
- Prudential Code
- Treasury Management Code

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Audit and Governance Committee

Date of meeting:	10 March 2026
Title of Report:	**Final Accounts 2024/25 Update**
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	Carolyn Haynes
Contact Email:	carolyn.haynes@plymouth.gov.uk
Your Reference:	CH FA 2024-25
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report
The Council's final Statement of Accounts for year ending 31 March 2025 were published on the 24 February 2026. They were presented at the Audit and Governance Committee on the 20 January 2026 but were still undergoing final audit checks which required changes to be made prior to publication. The Committee agreed to delegate authority to the Section 151 Officer in consultation with the Chair of Audit and Governance Committee to sign the Accounts and Letter of Representation on behalf of the Council once the audit opinions were provided and to approve any final amendments to the Statement of Accounts arising from the closing stages of audit work.
This report is to inform members of the agreed changes

Recommendations and Reasons

1. To note the amendments to the Statement of Accounts for 2024/25.
   Reason: To ensure that committee are fully informed of the impact of the changes to the final published Statement of Accounts.

Alternative options considered and rejected

1. None – It is a statutory requirement to produce and approve the Statement of Accounts

Relevance to the Corporate Plan and/or the Plymouth Plan
The Council's expenditure forms the basis for the delivery of the Corporate Plan.

Implications for the Medium Term Financial Plan and Resource Implications:
The changes actioned in the 2024/25 accounts will flow into the opening balance sheet position for the Statement of Accounts and, as such will have implications for the Medium-Term Financial Plan. The level of Working Balance and reserves will affect the level of funding available in future years and variations in service expenditure will also need to be reviewed to assess any impacts.

Financial Risks

The Statement of Accounts includes a high-level summary of the Council's financial risks.

Legal Implications

(The Council is under a statutory duty to prepare, approve and publish its annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015, the Local Audit and Accountability Act 2014, and the Code of Practice on Local Authority Accounting issued by CIPFA. These legislative requirements set out the processes, responsibilities and timescales for preparation, approval, audit and publication of the accounts. The Audit and Governance Committee has responsibility for approving the audited Statement of Accounts prior to publication. In doing so, Members must be satisfied that the accounts present a true and fair view of the Council's financial position and performance, and that they have been prepared in accordance with the relevant statutory framework. Failure to comply with these duties may expose the Council to legal, financial or regulatory risks. Approval of the Statement of Accounts by the Committee forms part of the Council's system of internal control and corporate governance. Members are therefore required to discharge their responsibilities with due care, having considered the assurances provided by officers and the external auditor.

Carbon Footprint (Environmental) Implications:
N/A

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:
** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*
The main risk associated with the publication of the Statement of Accounts for a local authority for those where a disclaimed (no assurance) opinion is the risk of reputational damage. Due to the well-documented national issues with Local Audit there are significant number of Councils across the country who will also receive a disclaimed opinion. Like Plymouth, the majority of these Councils have had their audit process cut short by the backstop arrangements, through no fault of their own. Government have asked auditors to be clear about the reasons for disclaimed opinions in their reporting and have committed to ensure that assurance of financial statements will be rebuilt over future reporting cycles.

Appendices
**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	Briefing Report: Final Published Statement of Accounts 2024/25							
B	Audit Findings Report Extract for 2024/25							

Background papers:
**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable)

	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

Fin	DN.25.26.032	Leg	LS/0000 3609/53/LB/02/03/26	Mon Off	LS/0000 3609/53/LB/02/03/26	HR	N/A	Assets	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 26/02/2026											
Cabinet Member approval: *approved by Mark Lowry by email* Date approved: 26/02/2026											

Appendix A – Briefing Report: Final Published Statement of Accounts 2024/25

1. Introduction

1.1 The Statement of Accounts for 2024/25 was published on the 24 February 2026 and in a format to comply with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and reflect the 2024/25 revenue and capital outturn position which was reported to Full Council on the 2 June 2025.

1.2 The final published accounts for 2024/25 were published by the backstop date of the 27 February 2026.

2. Final Publication of the 2024/25 Accounts

2.1 The final Statement of Accounts were presented to this committee on the 20 January 2026, but they were produced pending some outstanding actions that were still under review by Grant Thornton.

2.2 Grant Thornton presented their draft Audit Findings Report (AFR) at the same committee and explained that they were still undergoing final audit checks which required changes to be made prior to final publication. They explained that they had not concluded their work on Capital Grants and that subsequent update would be reported to members at the next Audit and Governance Committee.

2.3 The Committee agreed to delegate authority to the Section 151 Officer in consultation with the Chair of Audit and Governance Committee to sign the Accounts and Letter of Representation on behalf of the Council once the audit opinions were provided and to approve any final amendments to the Statement of Accounts arising from the closing stages of audit work.

2.4 The Audit Findings Report (ISA260) extract attached as Appendix A is to inform members of the agreed audit changes and the impact on the final published accounts.

3. Capital Grants Received in Advance

3.1 In addition to the changes reported to the Audit and Governance Committee on the 20 January 2026, the auditors were still completing their work on the treatment of the conditions associated with Capital Grants Receipts in Advance (CGRIA). Their testing identified some grants where the conditions had been met and therefore the grant should have been recognised as revenue.

3.2 Under the CIPFA Code of Practice on Local Authority Accounting (2024/25 Edition), sections 2.3 and 2.4 require authorities to recognise grant income when conditions have been met. Grants where conditions remain outstanding must be recognised as a liability. As conditions had been met by 31 March 2024, the grant should have been recognised as income in that year.

3.3 IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as adopted by the Code, requires material prior-period errors to be corrected retrospectively by restating the comparative amounts for the prior period and adjusting the opening balances of assets, liabilities and equity for the earliest period presented (IAS 8, paragraphs 42–49).

3.4 Accordingly, the prior-year financial statements understated capital grant income and overstated liabilities. This error has been corrected retrospectively through a prior period adjustment in accordance with IAS 8 and the CIPFA Code.

3.5 The correction involves a restatement of the 2023/24 Balance Sheet to remove the liability originally recognised and increase the Capital Grants Unapplied Reserve. The opening balances for 2024/25 have also been restated. There is no impact on the Council's cash position; the adjustment affects only the classification between liabilities and reserves.

3.6 As a result of the issues identified in their original testing, the auditors extended their testing to ensure that they had a full understanding of the magnitude of the potential error. This additional testing identified a material misstatement of £34.530m which impacted on financial years 2023/24 (£17.141m) as a prior period adjustment and further amendments in 2024/25 (£17.389m).

3.7 The auditor's analysis of the CGRIA also identified a grant which had outstanding conditions where the income had been recognised as having no conditions in 2022/23. A subsequent reversal of £8.440m has been applied to the accounts for 2023/24 as a prior period adjustment. The prior period adjustment is reported within the accounts as note 1 on page 32 of the Statement of Accounts for 2024/25.

3.8 The impact on the accounts for 2024/25 is a net £26.090m reduction in CGRIA with a corresponding reduction in usable reserves of £8.440m and an increase of £34.530m in unusable reserves or a net movement in total reserves of £26.090m.

3.9 To avoid this being an issue for 2025/26 accountants are undertaking training in preparation for a thorough review of their treatment of all CGRIA.

4. Other Audit Adjustments

4.1 There are a number of other audit adjustments which are mentioned on pages 44 to 48 of the Audit Findings Report for 2024/25 (Appendix A) some of which have previously been reported to the Audit and Governance Committee on the 20 January 2026.

5. Audit Completion

5.1 The final version of the accounts for 2024/25 was agreed with Grant Thornton on the 23 February 2026, Grant Thornton issued their final audit opinion and final versions of the 2024/25 Statement of Accounts and Annual Governance Statement for 2024/25 were published on the Council's website on the 24 February 2026. This was in advance of the statutory publication date of the 27 February 2026.

5.2 This marks the end of the accounting process for the 2024/25 financial year. Work has already begun on preparation for the Statement of Accounts for 2025/26. The initial deadline for publication of the Statement of Accounts is the 30 June 2026 with a deadline for the final audited version to be published by the 31 January 2027.

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Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Incorrect accounting treatment for capital grants received in advance. Management have corrected the balance for those grants where conditions have been met. (page 27)	(26,090)	Capital Grants unapplied (8,440) Capital Adjustment Accounts 34,530	(26,090)	Usable reserves (8,440) Unusable reserves 34,530
Overall impact	(26,090)	26,090	(26,090)	26,090

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Accounting Policies	Audit considered that there should be a critical judgement included to outline management's assessment of the group boundary which has now been included	✓
Bad debt provision – Note 20.3	Overall amount of bad debt provision as per trial balance agrees to disclosure made in Note 20.3. But provision relating to collection fund debtors as per trial balance is £10.546m whereas per note 20.3 is £12.233m and similarly provision for general fund is £4.821m and as per note 20.3 is £3.134m.	✓
Related parties – Note 31	In our group assessment work, we have ensured that balances with Plymouth CC considered in client's assessment agrees to Related party disclosure as per note 30. We noted that client has considered loan of £1.956m given to Plymouth Science Park in their group assessment but the same is not disclosed in related party disclosure note 30. We have agreed that amount to Plymouth Science Park's statement of accounts as well and also to the long term debtors listing.	✓
Related parties – Note 31	While performing debtor accruals testing, we have identified that there is a receivable balance of £2.364m from ARCA Limited which is subsidiary of the Council and that balance is not disclosed in related party disclosure note 30. We raised it with the client and they have agreed to update note 30.	✓
Operating Leases – 33.2	Testing identified that lease future receivable disclosures had been incorrectly calculated and required adjusting by £24.222m and that lease income received in the financial year had been duplicated. Management have updated the value and have removed the duplicate information	✓
Pensions – Note 35.6	Pensions - Note 34.6 - Proportion of assets has been updated to agree with IAS 19 report. Equities increased to 55%, Property increased to 19% and 'Other investments' reduced to 24%.	✓
Cash Flow Statement	An amount of £14,245k has been disclosed as Movement on the Dedicated Schools Grant Adjustment Account Note 24.1 and under Other Receipts from Financing Activities in Note 24.3. The DSG deficit has already been included in the creditors and liabilities line as the Council's borrowing has increased to fund the shortfall and hence this is not required to be reported separately.	✓

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Cash Flow Statement	An amount of £3,035k was originally reported as "Purchase of short-term and long-term investments" in Note 24.2. This balance included adjustments for movements in the fair value of investments classified as fair value through profit or loss. Accordingly, the amount has now been disaggregated into "Fair value movement" (£4,210k) and "Proceeds from sale of investments" (£1,175k).	✓
Right of Use Assets	While agreeing the Right of Use Asset note (33.1) to the Property, Plant and Equipment note (16), we identified a disparity between the two of £1,263k. The Council stated that it has included those ROU assets where the lease rentals are required to be paid and not the ROU assets from peppercorn leases. We are of the view that these should reconcile so have reported it as an uncorrected disclosure misstatement.	x
Right of Use Assets	We noted two minor disclosure changes which the Council have updated in the final statement of accounts: 1. The Total line of the Future Maturity of Leases Liability table in note 33 should state discounted and not undiscounted. 2. In note 33 the Council state additions when then should read adjustments on IFRS16 implementation.	✓
Throughout	A limited number of typographical errors have been identified throughout the financial statements.	✓
Throughout	One immaterial accounting policy and disclosure in relation to exceptional items has been included in the financial statements. This should be removed to avoid obscuring material information within the financial statements.	✓

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Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Errors identified from testing of individual Investment Property assets (see pg 21)	(1,462)	1,462	(1,462)	1,462
Cash flows in relation to short term loan wrongly transferred from short term debtors to long term debtors (see pg 28)		Short term loan 1,298 Long term debtors (1,298)		1,298 (1,298)
Overstatement of depreciation expense (see pg 19)	1,965	(1,965)	1,965	(1,965)
Errors identified between the fixed asset register and the valuers report. (see pg 19)	SDPS (388) Revaluation reserve (1,945)	2,333	(388) (1,945)	2,333
Factual errors identified in testing of individual PPE assets (see pg 19)	(2,336)	2,336	(2,336)	2,336
Estimated extrapolated errors identified in testing of individual PPE assets (see pg 19)	(2,661)	2,661	(2,661)	2,661

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Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Variance between FAR and valuation report for the shared Energy from waste asset (pg 20)	3,551	(3,551)	3,551	(3,551)
2023-24 Disabled facilities grant incorrectly recognised in 2024-25 (pg 28)	2,770	(2,770)	2,770	(2,770)
Pupil premium income incorrectly recognised within fees and charges instead of grant income	Grant Income 1,025 Fees and Charges (1,025)		1,025 (1,025)	
Variance between Right of Use assets and supporting documentation (pg 23)		ROUA (PPE) 1,713 ROUA lease liability 1,713		
Overall impact of current year unadjusted misstatements	**506**	**(506)**	**506**	**(506)**

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Audit and Governance Committee

Date of meeting:	10 March 2026
Title of Report:	**Procurement Strategy 2024-2026 Year 2 Progress Report**
Lead Member:	Councillor Chris Penberthy (Cabinet Member for Housing, Cooperative Development, and Communities)
Lead Strategic Director:	Si Bellamy (Chief Operating Officer)
Author:	Holly Golden
Contact Email:	holly.golden@plymouth.gov.uk
Your Reference:	HG/PS/820/ED/0226
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report
To present the mid-year progress the Council has made in delivering year two of its Procurement Strategy 2024-2026

Recommendations and Reasons

1. To note the progress made to date.
   Reason: To formally recognise the Council's progress made against its Procurement Strategy in the first six months of year two delivery

Alternative options considered and rejected
The option to stop delivery of the Procurement Strategy has been rejected on the grounds it would result in a breach of statutory duty with the Procurement Act 2023; would be contrary to good practice and would in effect be a rejection of the financial auditor's recommendations.

Relevance to the Corporate Plan and/or the Plymouth Plan
An organisational procurement strategy ensures that the Council's priorities as set out in the Plymouth Plan and Corporate Plan are formally recognised within the Council's approach to procurement. The strategy also sets organisational expectations in relation to the delivery of these priorities including measures of success. Reporting progress against this strategy is reporting progress against the Corporate and Plymouth Plan.

Implications for the Medium Term Financial Plan and Resource Implications:
The strategy highlights the importance of the Council securing value for money through its contracts with external suppliers as well as seeking commercial opportunity, both of which have a positive impact of the Council's MTFP.

The importance of compliance is also highlighted which seeks to mitigate financial risks related to non-compliant procurement activity such as fines and damages.

Data related to value for money and non-compliance are contained within the report as well as the actions being taken to mitigate these risks.

Financial Risks

None as a result of this report.

Legal Implications

The Procurement Strategy 2024–2026 is being delivered under the Procurement Act 2023 and associated guidance. Year two activity must continue to comply with statutory duties (including value for money, public benefit, equal treatment, non-discrimination, integrity), the Act's transparency and notice requirements, exclusion and debarment screening, and conflict of interest controls. Transitional procurements commenced under the PCR 2015 remain governed by those regulations. Ongoing legal risks such as ineffectiveness, damages, and audit findings are mitigated through updated templates, training, proportionate evaluation methodologies, contract management controls (including modification governance and KPI monitoring), information law compliance, and adherence to Contract Standing Orders and the Scheme of Delegation.

Carbon Footprint (Environmental) Implications:

None as a result of this report but it is noted that addressing the 'Climate Emergency' is one of the strategic themes identified in the strategy and all Procurement-related actions within the Council's Net Zero Action Plan have been delivered.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

None as a result of this report but it is noted that the strategic themes identified in the strategy cover a range of related areas such as 'Equality and Diversity', 'Modern Slavery' and 'Social Value'. All actions within these area have been progressed and are being actively managed.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	Procurement Strategy Year 2 Progress Report							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

Fin	DN.25.26.027	Leg	LS/0000360949/LB/25/02/26	Mon Off	N/A	HR	N/A	Assets	N/A	Strat Proc	HG/PS/820/ED/0226
Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 20/02/2026											
Cabinet Member approval: Councillor Chris Penberthy *approved verbally* Date approved: 12/02/2026											

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PROCUREMENT STRATEGY 2024-2026

Year 2 - mid-year delivery progress update

1. SUMMARY

The purpose of this paper is to present to the Corporate Management Team the mid-year progress the Council has made in delivering year two of its Procurement Strategy 2024-2026.

2. BACKGROUND

The Council published its first Procurement Strategy for the period 2024-2026 in July 2024 to ensure that the Council's priorities were formally recognised within its approach to procurement and set out organisational expectations in relation to the delivery of these priorities including measures of success.

The strategy was set for an initial two-period period in recognition of the significant procurement-related legislative changes which were due to take place during this period and to enable alignment with the Local Government Association's National Procurement Strategy for Local Government in England due to be updated in 2026.

The Council submitted its first annual procurement strategy report to Audit and Governance Committee in July 2025, receiving commendation on the progress made.

3. CONTEXT

The Council is responsible for delivering more than three hundred local services and spends on average £350 million per annum with external suppliers in the fulfilment of this duty. These external suppliers are contracted through procurement and commissioning activity (collectively hereafter termed 'procurement'), and this strategy sets out the Council's approach for ensuring that these contracts meet the needs and expectations of the City and secure the best possible deal for Plymouth.

Procurement applies to a wide range of goods, services and works and is concerned with the whole contract lifecycle from identification of a business need through to contract demobilisation.

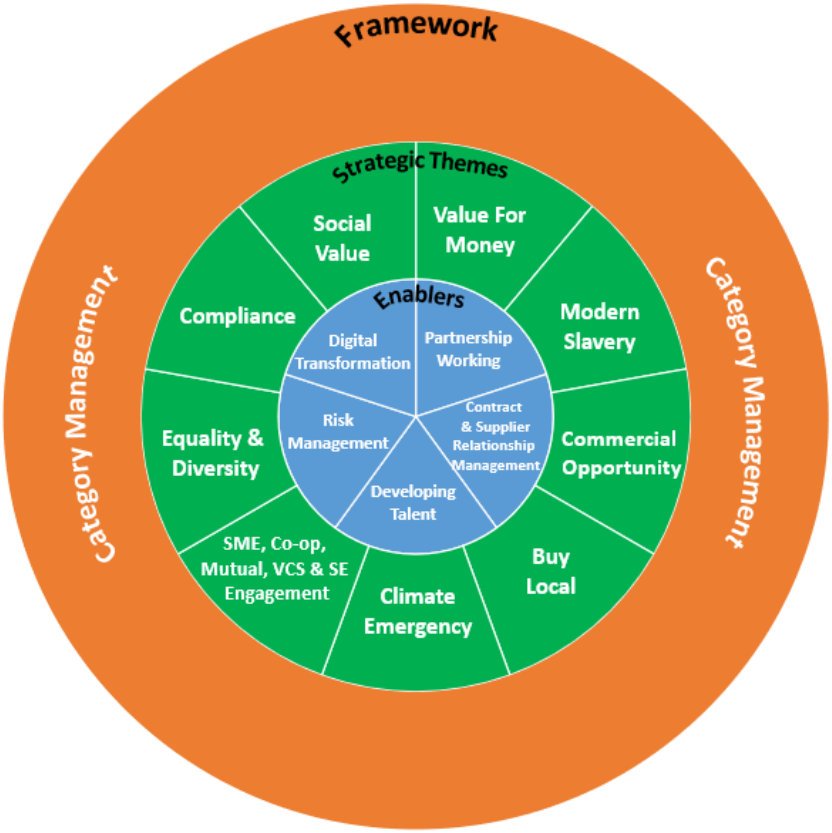
It is a highly regulated activity, governed principally by the Procurement Act 2023 which places considerable statutory duties on the Council in relation to securing value for money and maximising public benefit and adhering to principles such as, transparency, equal treatment, non-discrimination, integrity and proportionality.

National priorities must also be considered as set out in central government's National Procurement Policy Statement and the Local Government Association's National Procurement Strategy for Local Government in England such as generating local social value, supporting small and medium-sized enterprises and behaving commercially.

As well as local priorities as set out in the Plymouth Plan and the Council's Corporate Plan, Net Zero Action Plan, Equality and Diversity Action Plan and Modern Slavery Policy.

To meet these obligations and deliver these priorities the Council developed a strategy visualised in the graphic shown over.

"Our vision is to be a leader in local authority procurement where the value created through our procurement activity is maximised for the benefit of Plymouth's economy, community and environment and secured in a way which is open, fair, responsible and encourages co-operation and collective growth'



4. PROGRESS

The Council has continued to make positive progress in delivering against the commitments it made in the Procurement Strategy during the first six months of year two delivery.

The update against these commitments is set out below, presented by both 'Strategic Themes' delivery and actions against the 'Enablers' and 'Framework' as set out in the original strategy.

Actions have been 'RAG rated' as follows:

- Business as usual activities are white
- Actions completed in year 1 are grey
- Actions completed/closed in year 2 are blue
- In progress/ ongoing actions are green
- Delayed actions are amber
- Actions which are not currently progressing are red
- Programmed actions/ due to begin at a later date are purple

All actions are owned by the Head of Procurement and delivered with the support of departments across the Council as well as key local partners such as the University of Plymouth, University Hospitals Plymouth NHS Trust, and Babcock.

5. STRATEGIC THEMES

Value for Money

The Council is committed to putting value for money at the forefront of its procurement activities which means procuring in a way that will secure the optimum balance of price, quality, and social value. Factors to be considered when determining the optimum balance include- the subject matter, scope, frequency, estimated value, and delivery timescales of the requirement, the level of market interest, process complexity, legal compliance, resource demands and the other strategic objectives.

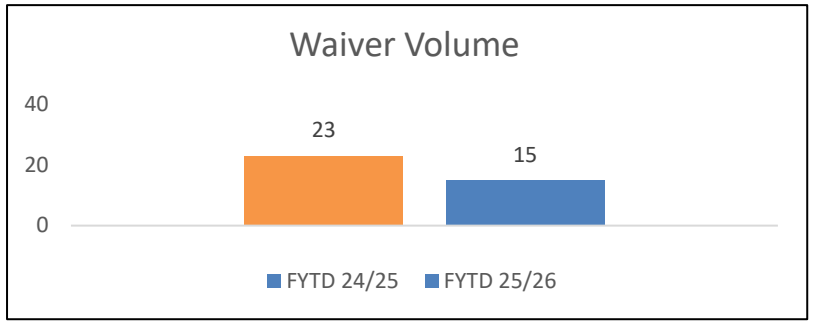
Ref.	Commitment	Description of Action	Target Completion	Feb 26 Update
VFM1	Setting corporate procurement rules and procedures which are designed to deliver value for money as standard,	Refresh Contract Standing Orders (CSOs) to ensure processes reflect up-to-date definition of value for money	Year 1- Q2	Complete
VFM2	Where appropriate, undertaking procurement options appraisals to identify the route to market which will deliver best value on a requirement-by-requirement basis,	Refresh CSOs to strengthen this requirement	Year 1- Q2	Complete
VFM3	Considering the whole lifecycle cost of a product, service or works when undertaking a procurement activity,	Refresh CSOs to make this approach explicit	Year 1- Q2	Complete
VFM4	Holding the default position that the running of a competitive multi-supplier process will deliver best value for money and should be pursued wherever possible,	Refresh CSOs to make this approach explicit	Year 1- Q2	Complete
VFM5	Requiring robust justification where a direct award strategy is pursued.	Refresh CSOs to make this approach explicit	Year 1- Q2	Complete

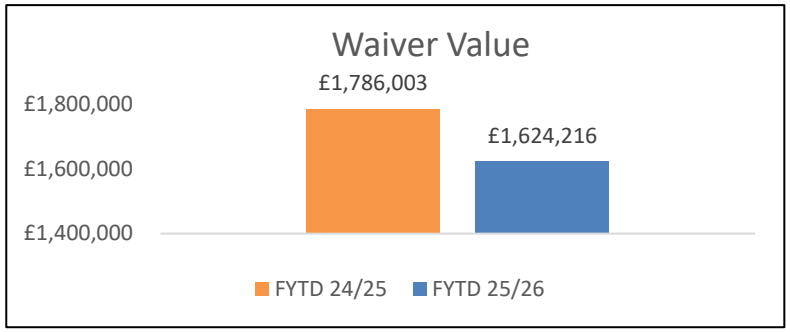
Measures of Success:

Waivers

15 waivers to Council procurement rules and procedures were approved during FYTD totalling **£1,624,216** with an average value of **£108,281**. These waivers were authorised in accordance with Contract Standing Orders on the grounds of breach or conflict of statutory duty; legal hearings, planning appeals and public examinations; reputational implications; personal welfare of service users or limited market.

Comparison to strategy year1 mid-year progress indicates a positive reduction in volume and value of waivers:

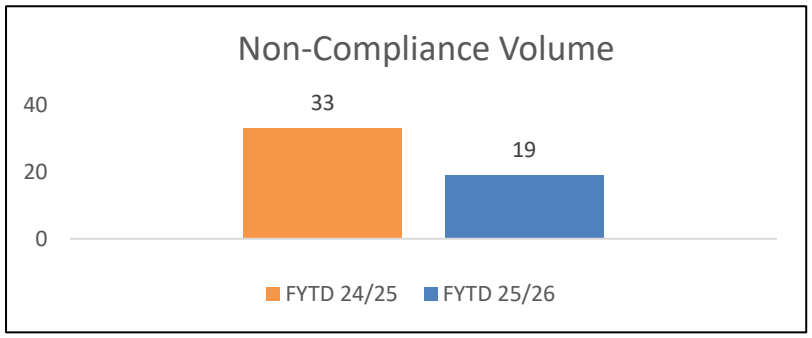


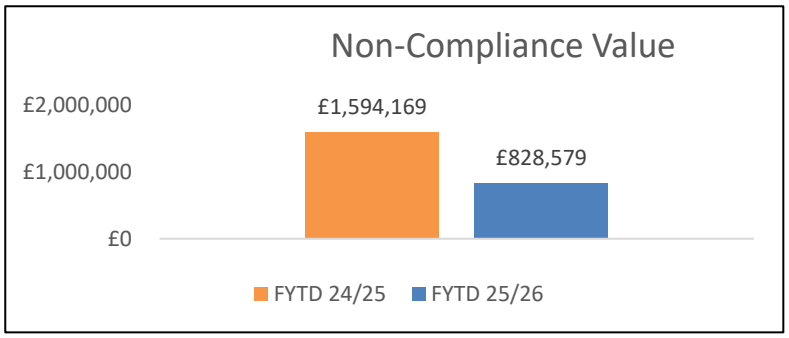


Non-Compliance

19 instances of non-compliance with Council procurement rules and procedures were logged[1] during FYTD totalling **£828,579** equating to **0.2%** of the Council's total spend FYTD. In the context of 'Value for Money' the primary concern is ensuring officers seek the correct minimum number of quotations; the average value per instance of non-compliance was **£43,500** which under Contract Standing Orders requires a minimum of two quotations.

Comparison to strategy year 1 mid-year progress indicates a positive reduction in volume and value of logged non-compliance:





A breakdown of waivers and non-compliances is contained within Appendix A.

[1] *Instances of non-compliance captured by the Procurement teams only, does not include instance of unknown non-compliance such as via systems which bypass these teams.*

Commercial Opportunity

The Council will consider opportunities to be commercial when undertaking procurement activity to ensure the delivery of public services is sustainable.

Ref.	Commitment	Description of Action	Target Completion	Feb 26 Update
CO1	Gathering market intelligence to ensure procurement opportunities are specified in a way which is commercially attractive to suppliers,	Refresh CSO to strengthen the importance of pre-procurement market engagement	Year 1- Q2	Complete
CO2	Maximising commercial attractiveness by aggregating requirements where appropriate,	_	_	BAU
CO3	Developing sourcing strategies that are appropriate and proportionate for a given requirement to ensure suppliers remain interested and engaged,	Refresh CSO to emphasise the need to consider the nature and value of a requirement when defining best value for money and correspondingly enable flexibility in process selection	Year 1- Q2	Complete
CO4	Focusing on output-based/ performance specifications to give suppliers the opportunity to offer innovative and added-value solutions,	_	_	BAU
CO5	Income generating/ cost recovery through delivering procurement services for the Council's family of companies.	Roll out procurement self-service to free up the capacity of the Procurement teams to enable the selling of services	Year 1- Q4	Complete

Measures of Success:

Arrangements with external suppliers are in place for both statutory and discretionary public services and continue to be delivered to a sufficient standard.

Social Value

The Council will look to maximise the benefit of its spending for the local economy, community and environment beyond the basic cost and quality of a contract which is known as 'Social Value.' Examples of social value include- tackling climate change, promoting local skills and employment, and supporting healthier and safer communities.

Ref.	Commitment	Description of Action	Target Completion	Feb 26 Update
SV1	Embedding social value into the Council's standard rules and procedures	Refresh CSO and associated processes and templates to ensure the importance of social value is emphasised	Year 1- Q2	Complete
SV2	Procuring in accordance with the Council's Social Value policy	Refresh CSO and associated processes and templates to capture instances of non-compliance with policy	Year 1- Q2	Complete
SV3	Including social value criteria in procurement activities even where is it discretionary to do-so within the Council's policy, where is it relevant to the subject matter of the contract and proportionate	Refresh the Council's Social Value Policy to ensure social value is included in procurement activity wherever possible	Year 2- Q3	Action delayed due to desire to align activities with anchor institutions of the Civic Engagement Agreement. Currently identifying PCC specific activities for acceleration e.g. council specific priority measures
SV4	Including social value criteria in procurement activities even where is it discretionary to do-so within the Council's policy, where is it relevant to the subject matter of the contract and proportionate	Begin to monitor all instances of where social value has been included as an award criterion not just in relation to the TOMs framework	Year 1- Q3	Complete
SV5	Embedding social value into the Council's standard rules and procedures	Work with the Anchor Institutions Working Group to develop a joint social value statement and explore alignment of procurement policies	Year 2- Q3	Complete- Joint definition agreed and incorporated into standard templates and communications

Measures of Success:

The TOMs framework approach was used within **22** awarded contracts totalling **£55,212,024.74** in FYTD with supplier social value commitments equating to **16.86%**. Whilst this is **3.14% below** the **20% target** it must be recognised that this FYTD considerable efforts have been made to expand the breadth of the contracts social value is applied to beyond the usual construction contracts. To illustrate examples of contracts where the TOMS framework approach has been used this FYTD are:

Contract Ref.	Procurement Title	Contract Value	Social Value Committed
24328	Security Services (all lots)	£9,000,000	15.44%
26361	Mount Batten Works	£2,881,421	32.77%
27609	Bus Infrastructure Improvements- The Park	£305,479	17.01%
26129	Collection, Transportation, Processing and Treatment of Green Waste (all lots)	£1,225,000	25.83%
26392	Subsidised Local Bus Services (all lots)	£2,104,933	114.44%
PEO27166	Plymouth Domestic Abuse Service & Behaviour Change (lot 2)	£3,400,000	27.32%
PEO24141	Adult Social Care Services Extra Care Housing (all lots)	£31,600,000	9.01%

Within the 22 awarded contracts social value was allocated a contract award criteria weighting of **6%** on average, **1% above** the minimum Social Value Policy expectation.

Buy Local

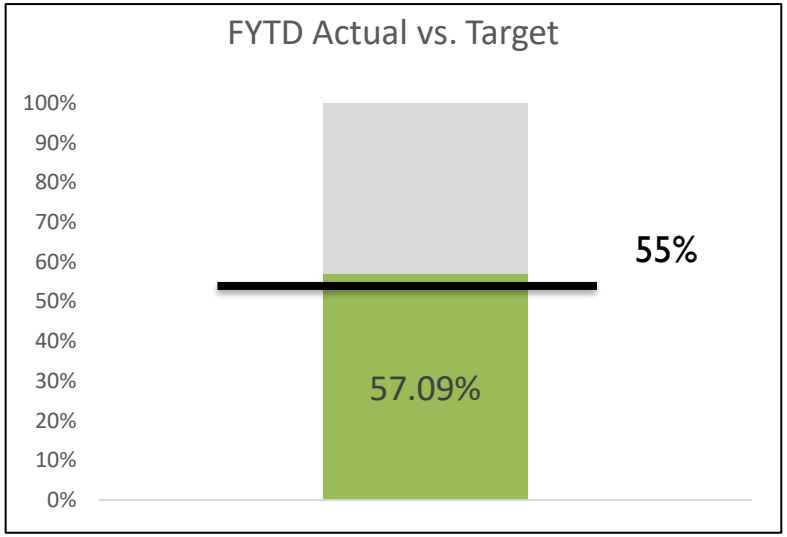
The Council will look to 'keep the pounds in Plymouth' where possible through its procurement activity by engaging directly with local businesses. The Council's definition of 'local' is 'PL Postcode' on the basis that investment in the local economy and benefits to the city are not only delivered through direct spend with central Plymouth businesses but are also a result of spending with the wider economic area. For example, the substantial number of Plymouth citizens who work for companies out of the Council boundaries.

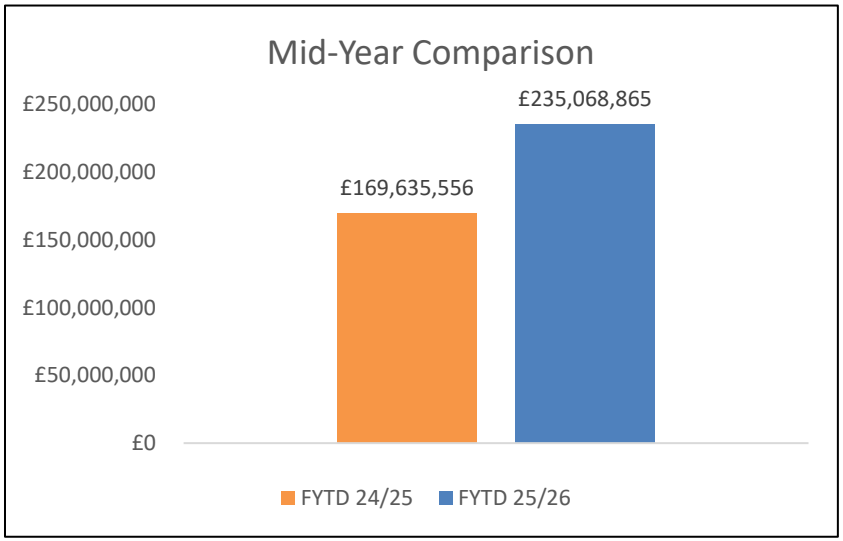
Ref.	Commitment	Description of Action	Target Completion	Feb 26 Update
BL1	Embedding a 'Buy Local' Agenda into the Council's standard procurement rules and procedures which looks to maximise local business engagement in procurement activities where possible,	Refresh CSO and associated processes and templates to ensure the importance of buy local is emphasised	Year 1- Q2	Complete
BL2	Procuring in accordance with the Council's 'Buy Local' Procedural Note,	Refresh Procedural Note	Year 1- Q2	Complete
BL3	Developing a Directory which aims to bring local business buyers and suppliers together,	Transfer of PCC owned Plymouth Supplier Directory to 'Find it in Plymouth' platform owned by Chamber of Commerce	Year 1- Q3	Complete
BL4	Looking to reduce and remove barriers faced by local businesses to maximise their chances of success,	Simplify below threshold procurement processes and templates	Year 1- Q4	Complete
BL5	Requiring robust justification where the Buy Local agenda is not delivered as part of procurement activity where appropriate,	Refresh CSO and associated processes and templates to capture instances of non-compliance with policy	Year 1- Q2	Complete

Measures of Success:

Of the Council's **£412.5 million** total procurement spend FYTD, **£235.1 million** was spent with PL postcode suppliers equating to **57.09%** of total spend. This is **2.09% above** the **55% target**.

Comparison to strategy year 1 mid-year progress indicates an actual monetary spend increase with PL postcode suppliers of **£65.4 million.**

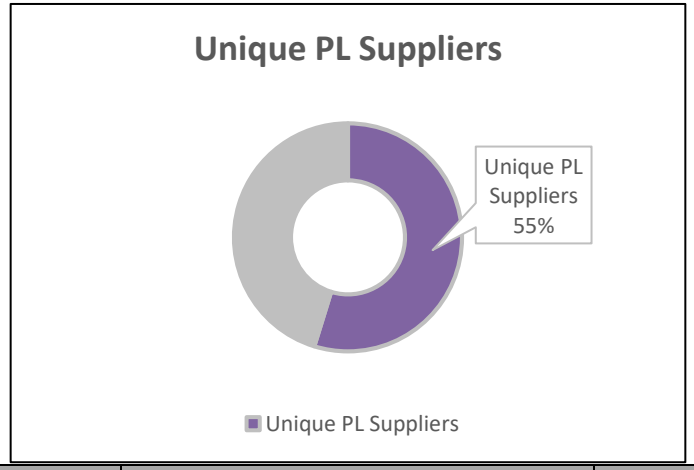




Of the **2,735** unique suppliers the Council did business with in FYTD **1,441** were PL postcode suppliers equating to **55%** of the Council's total direct supply chain.

SME, Co-op, Mutual, VCS & SE Engagement

The Council is committed to supporting small and medium enterprises; micro businesses; co-operatives and mutuals; social enterprises; and the voluntary and community sector.



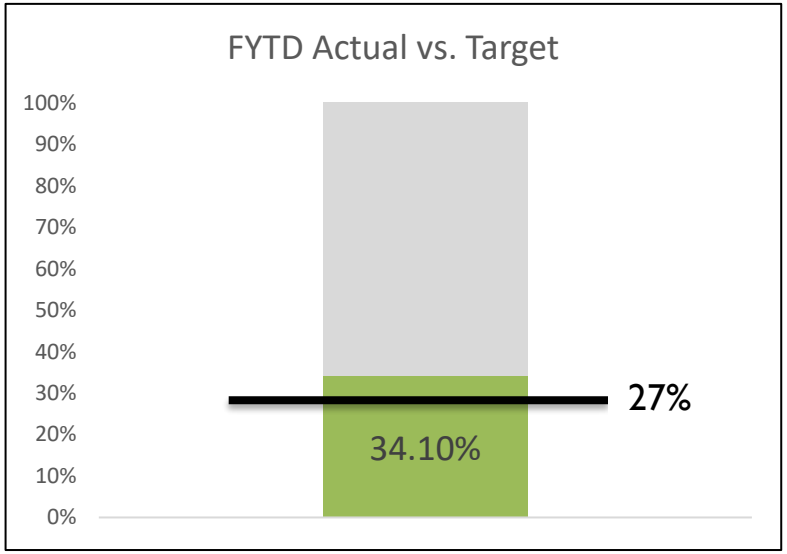
Ref.	Commitment	Description of Action	Target Completion	July 25 Progress update and RAG
E1	Embedding an 'SME Agenda' into the Council's standard procurement rules and procedures which looks to maximise the engagement of these businesses and organisations in procurement activities where possible,	Refresh CSO and associated processes and templates to ensure the importance of supporting SMEs is emphasised	Year 1- Q2	Complete
E2	Looking to reduce and remove barriers faced by these businesses and organisations to ensure there is a level playing field in competing for public procurement opportunities e.g. the letting of contracts,	Simplify below threshold procurement processes and templates	Year 1- Q4	Complete

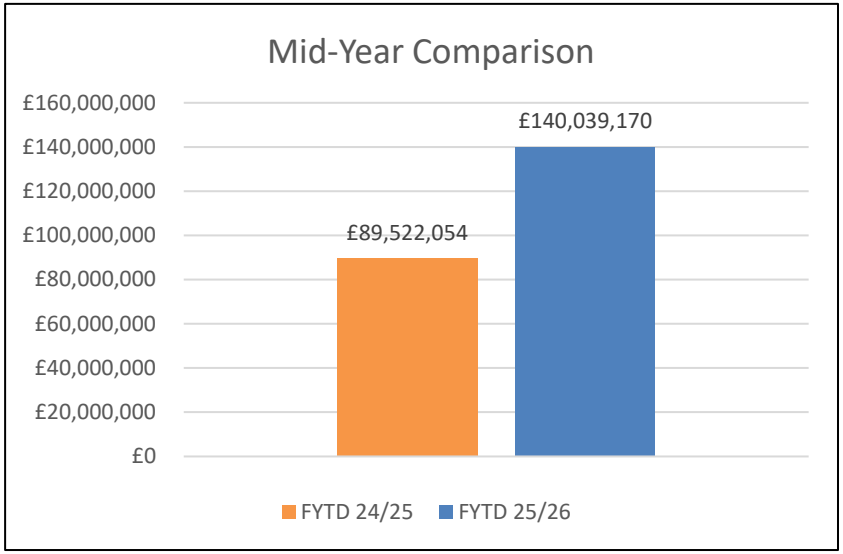
E3	Looking to reduce and remove barriers faced by these businesses and organisations to ensure there is a level playing field in competing for public procurement opportunities e.g. the letting of contracts,	Explore to what extent the Council can capture spend broken down into more discreet groups e.g. charities, co-ops, social enterprises etc	Year 2- Q4	Ability to capture spend confirmed. Development of new process to commence imminently ready for establishment under next iteration of strategy
E4	Pursuing policies and implementing measures which recognise the particular complexities and challenges faced by these businesses and organisations e.g. 15 days SME payment terms.	Explore reducing SME payment terms further where the Council directly contracts with an SME and explore to what extent we can insist that such terms are passed onto SME sub-contractors	Year 2- Q4	Further reduction of SME payment terms unfeasible however, analysis reveals existing terms are already very progressive. Actions to better publicise in progress Passing on of 15-day terms to SME subcontractors unfeasible but tender template update to encourage on-time payment complete

Measures of Success:

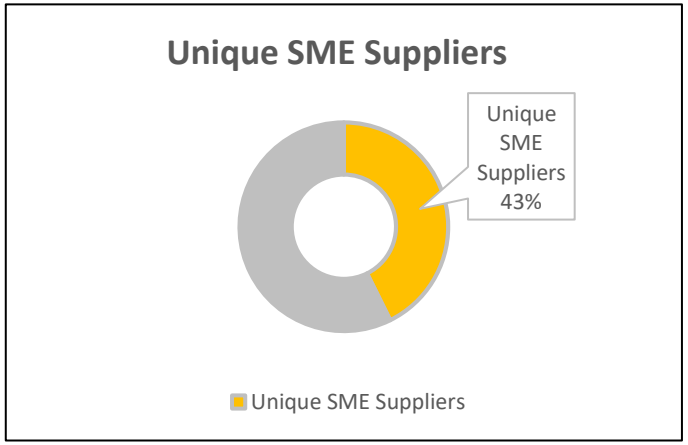
Of the Council's **£412.5** million total procurement spend in FYTD, **£140 million** was spent with SME suppliers equating to **£34.1%** of total spend. This is **7.1%** above the **27% target**.

Comparison to strategy year 1 mid-year progress indicates an actual monetary spend increase with SMEs of **£50.5 million.**

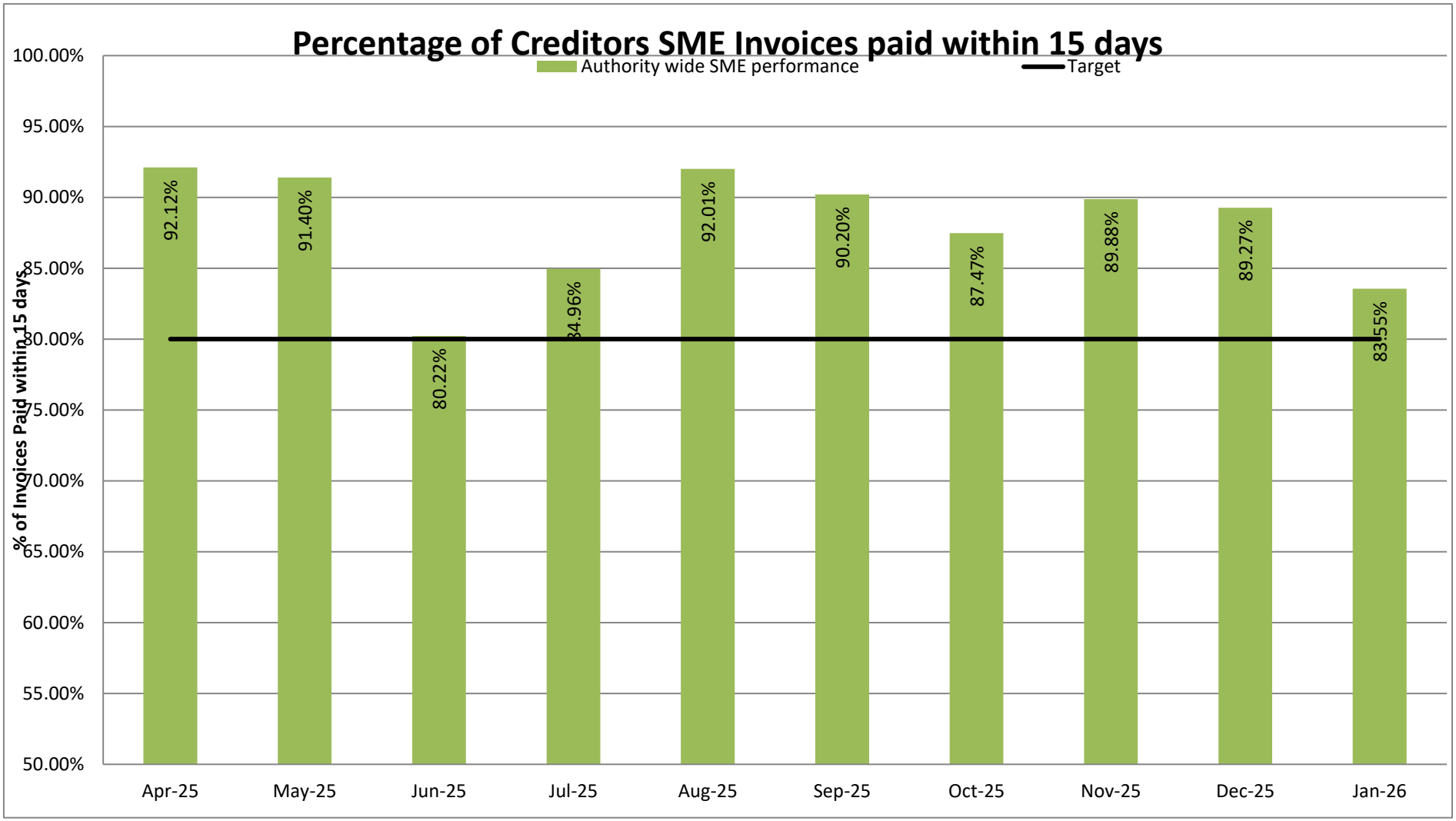




Of the **2,735 unique suppliers** the Council did business with in FYTD, **1,167** were SME suppliers equating to **43%** of the Council's total direct supply chain.



The Council has committed to pay SMEs within 15 days of a valid invoice instead of the standard 30 days. Against a target of **80%** the Council has exceeded this target every month, with a FYTD average of **88.11%.**



Equality and Diversity

The Council will demonstrate as part of the contracts it procures and the suppliers it does business with, its commitment to valuing, promoting, and celebrating equality, diversity, and community cohesion.

Ref.	Commitment	Description of Action	Target Completion	Feb 26 Update
ED1	Consideration of equality and diversity when assessing the suitability of suppliers to deliver Council contracts where relevant and proportionate,	_	_	BAU
ED2	Including equality and diversity related expectations and standards in contract specifications where relevant and proportionate,	Refresh CSO to ensure equality and diversity is an explicit consideration	Year 1- Q2	Complete
ED3	Setting equality and diversity related contract award criteria where relevant and proportionate,	_	_	BAU
ED4	Requiring contracted suppliers to comply fully with the Equality Act,	_	_	BAU
ED5	Monitoring supplier performance in relation to equality and diversity as part of contract management,	Roll out social value contract management template	Year 1- Q4	Complete
ED6	Embedding equality impact assessments into Procurement decision-making where appropriate,	Refresh CSO and associated processes and templates to ensure EIAs are explicitly mentioned	Year 1- Q2	Complete
ED7	Embedding equality impact assessments into Procurement decision-making where appropriate,	Support the Policy and Intelligence Team to improve the EIA process and subsequently develop a methodology for incorporating the output of the assessment into procurement processes	Year 2- Q4	Action behind schedule due to topic complexity coupled with Policy and Procurement Service capacity constraints.
ED8	Officer guidance on how to consider equality and diversity effectively and appropriately at each stage of the procurement cycle.	Refresh Procurement intranet pages to make guidance more accessible	Year 1- Q3	Complete

ED9	Officer guidance on how to consider equality and diversity effectively and appropriately at each stage of the procurement cycle.	Templates and guidance are reviewed to ensure care experience is clearly identified as a protected characteristic	Year 2- Q1	Complete

Measures of Success: Only one procurement-related action within the Council's Equality and Diversity Action Plan is outstanding as above.

Climate Emergency

The Council declared a climate emergency in 2019. Procurement has a key role to play in reducing scope 1, 2 and 3 emissions both directly, by the Council controlling what and how it decides to procure and indirectly, through influencing its supply chain.

Ref.	Commitment	Description of Action	Target Completion	Feb 26 Update
CE1	Consideration of environmental management and carbon reduction plans when assessing the suitability of suppliers to deliver Council contracts where relevant and proportionate,	_	_	BAU
CE2	Including environmental expectations and standards in contract specifications where relevant and proportionate,	Refresh CSO to ensure the Climate Emergency is an explicit consideration	Year 1- Q2	Complete
CE3	Setting environmental related contract award criteria where relevant and proportionate	Embed a contract award weighting for climate change into standard procurement processes	Year 1-Q4	Complete
CE4	Monitoring supplier performance in relation to environmental impact as part of contract management,	Roll out social value contract management template	Year 1- Q4	Complete
CE5	Embedding climate impact assessments into Procurement decision-making where appropriate	Refresh CSO and associated processes and templates to ensure CIAs are explicitly mentioned	Year 1- Q2	Complete
CE6	Requiring robust justification where climate considerations are not included in procurement activity where appropriate,	Refresh CSO and associated processes and templates to capture instances of non-compliance with policy	Year 1- Q2	Complete
CE7	Officer guidance on how to consider the environment effectively and appropriately at each stage of the procurement cycle.	Refresh Procurement intranet pages to make guidance more accessible	Year 1- Q3	Complete

Measures of success: All procurement-related actions within the Council's Net Zero Action Plan have been delivered as part of the above.

Modern Slavery

The Council is committed to taking steps to ensure that the practices and conditions which may allow modern slavery to occur do not take place in the delivery of Council contracts or through its wider supply chain.

Ref.	Commitment	Description of Action	Target Completion	Feb 26 Update
MS1	Consideration of modern slavery when assessing the suitability of suppliers to deliver Council contracts where relevant and proportionate,	Develop modern slavery-related suitability assessment questions	Year 2- Q4	Complete. Suite of questions have been developed and added to standard tender templates
MS2	Requiring contracted suppliers to comply fully with the Modern Slavery Act,	Templates to be updated to reflect additional requirements introduced under the Procurement Act 2023	Year 1- Q4	Complete
MS3	Putting mechanisms in place to challenge abnormally low-price tenders to ensure they do not rely upon the supplier practising modern slavery,	Templates and guidance to be updated to make explicit mention of modern slavery when challenging abnormally low tenders	Year 1- Q4	Complete
MS4	Developing Officer guidance on how to consider modern slavery effectively and appropriately at each stage of the procurement cycle,	Develop and publish guide	Year 1- Q2	Complete
MS5	Developing Officer guidance on how to consider modern slavery effectively and appropriately at each stage of the procurement cycle,	All Procurement professionals to complete CIPS Ethics training module (annual requirement)	Year 1- Q3	Complete
MS6	Exploring use of the government's Modern Slavery Assessment Tool with contracted suppliers.	Complete Modern Slavery Assessment Tool pilot	Year 2- Q3	In progress. Assessments completed and action plans being developed with suppliers.

MS7	Exploring use of the government's Modern Slavery Assessment Tool with contracted suppliers.	Analyse the results of the Modern Slavery Assessment Tool pilot and consider further roll out	Year 2- Q4	Due to commence following completion of MS6.

Measures of Success: Two procurement-related actions within the Council's Modern Slavery Action Plan are outstanding as above.

Compliance

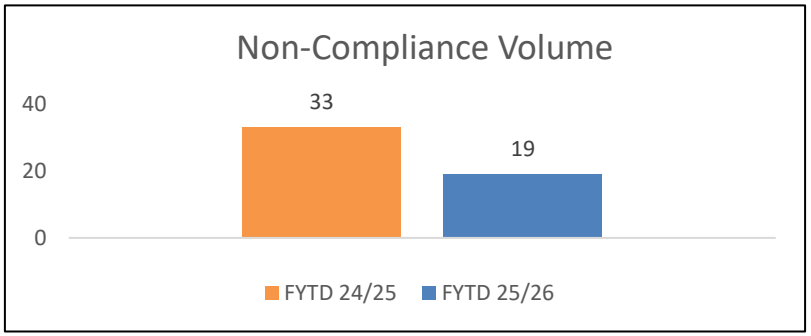
The Council will comply with all procurement-related legal requirements, primarily being the Council's Contract Standing Orders and current statutory provisions including The Procurement Act 2023 and The Health Care Services (Provider Selection Regime) Regulations 2023.

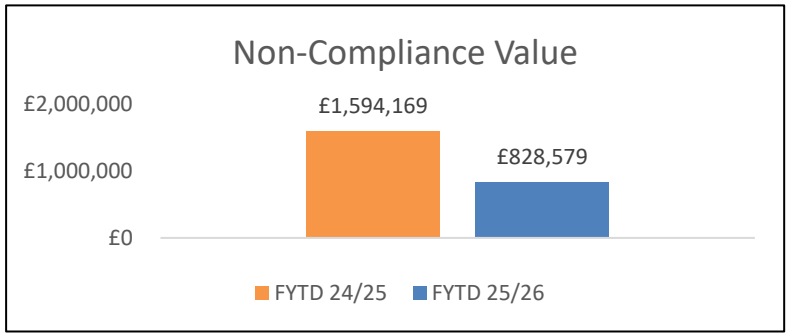
Ref.	Commitment	Description of Action	Target Completion	Feb 25 Update
C1	Ensuring the Council's Contract Standing Orders are comprehensive and up to date but also user-friendly.	Refresh CSOs	Year 1- Q2	Complete
C2	Maintaining robust governance procedures to ensure that compliant practices and processes are adhered to.	Refresh CSOs and associated processes and templates to ensure existing governance procedures are clear and introduce new procedures where gaps currently exist	Year 1- Q2	Complete
C3	Maintaining robust governance procedures to ensure that compliant practices and processes are adhered to.	Refresh CSO and associated processes and templates to ensure they comply with the Procurement Act 2023	Year 1- Q4	Complete
C4	Maintaining robust governance procedures to ensure that compliant practices and processes are adhered to.	Refresh procurement processes and templates to ensure they comply with the Procurement Act 2023 - PHASE 2 contract management requirements due to go live early 2026	Year 2- Q2	Source2Contract system business case is being developed which will ensure compliance with statutory reporting requirements. Behind schedule due to capacity constraints. **Interim work-around processes are being developed**

C5	Maintaining dedicated Procurement teams who are responsible for providing expert advice and guidance and facilitating procurement activities where appropriate.	Set up dedicated Commissioning Procurement team	Year 1- Q2	Complete
C6	Ensuring procurement professionals within the Council remain up to date with relevant legislative changes, procurement case law and other evidence of best practice.	All Procurement professionals to complete Procurement Act 2023 training	Year 1- Q3	Complete
C7	Restricting access to the undertaking of procurement activities to officers who have the necessary pre-requisite training and authorisation.	Refresh CSOs and develop a self-service procedural note	Year 1- Q2	Complete
C8	Restricting access to the undertaking of procurement activities to officers who have the necessary pre-requisite training and authorisation.	Review officer access levels to Civica purchasing and put in place clear governance requirements	Year 2- Q3	System access continues to be reviewed but on an ad hoc rather than systematic basis due to capacity constraints

19 instances of non-compliance with Council procurement rules and procedures were logged during FYTD totalling **£828,579** with an average value of **£43,500** per instance. None of these instances of non-compliance related to a breach of Procurement legislation but the Council's internal Contract Standing Orders only.

Comparison to strategy year 1 mid-year progress indicates a positive reduction in volume and value of logged non-compliance:





The Council has received no formal legal challenges during this FYTD.

6. ENABLERS

Partnership Working

The Council's philosophy to delivering successful outcomes through procurement activity is based on a 'one team' approach, bringing together Council departments and organisations as well as collaboration with local and regional partners. This is to ensure that service needs are recognised, visions and strategic priorities are understood, expert knowledge is shared, resources are used efficiently and culminate in the design and implementation of public services which meet the City's needs and expectations in the most effective and efficient way possible.

Ref.	Description of Action	Target Completion	Feb 26 Update
PW1	Maintain a strong relationship with the Southwest Procurement Board	_	BAU
PW2	Maintain a strong relationship with the Devon and Cornwall Procurement Partnership	_	BAU
PW3	Lead the Plymouth Public Sector Partnership Group	_	BAU
PW4	Actively engage with the 'Anchor Institutions' working Group	_	BAU
PW5	Support and actively engage with the Council's family of companies with specific reference to CATER[ed], Arca and PAL. Also including DELT but to a lesser degree due to procurement independence	_	BAU
PW6	Refresh CSO and associated processes and templates to emphasise the need for co-design and collaboration when undertaking procurement activities	Year 1- Q2	Complete
PW7	Release new strategic and service area procurement dashboards*	Year 2- Q4	Power Bi Procurement dashboard currently being developed including ability for SDs to view their individual data

**NOTE: This action now forms part of PCC's response to Grant Thornton's 24/25 Value For Money Audit improvement recommendation IR5 to increase the visibility of waiver and non-compliance data to support effective oversight and challenge where processes designed to achieve value for money have not been followed.*

Developing Talent

A Council's ability to ensure taxpayers money is spent effectively and efficiently and address commercial challenges and issues of value is predicated on the talent management, recruitment, and retention of Procurement professionals

Ref.	Description of Action	Target Completion	Feb 26 Update
DTa1	Support all Procurement professionals to complete the CIPS programme in accordance with role profiles	_	BAU
DTa2	Assess additional training needs in light of Procurement Act 2023 and identifying courses for completion	Year 2- Q3	Additional training needs have been identified in relation to negotiation skills, but courses not yet pursued due to Procurement Service capacity constraints

6 procurement professionals are actively studying towards their Chartered Institute of Procurement and Supply qualifications as follows:

- Level 4- 4 officers
- Level 5- 1 officer
- Level 6- 1 officer

1 procurement professional is actively studying towards level 5 Management and Leadership Development Programme

1 procurement professional is actively studying towards a BSc Hons degree in Professional Management Practice including CMI chartered status.

Digital Transformation

Data is the cornerstone of Category Management and access to and rapid analysis of data, particularly spend data, is critical for understanding how to manage procurements and contracts. The Council needs to ensure that appropriate digital systems and processes are in place to gather sufficiently transparent and granular data which will enable procurement officers to gain the insights necessary to make the best professional recommendations

Ref.	Description of Action	Target Completion	Feb 26 Update
DTr1	Develop business case for the provision of a corporate contract management software system in light of Procurement Act statutory requirements and in response to recommendations from various audits	Year 2- Q2	Source2Contract system business case is being developed with contract management identified as a priority module. Currently in data gathering phase. Behind schedule due to capacity constraints
DTr2	Resecure intelligent automation resource in light of Procurement Act statutory requirements	Year 2-Q3	Closed. Superseded by Source2Contract system business case which will include requirement to automate manual processes
DTr3	Explore moving procurement forms to Firmstep	Year 2- Q3	Closed. Superseded by Source2Contract system business case which will include requirement to digitalise manual forms
DTr4	resecure subscription to spend analysis software as described in framework section	_	See framework section

Contract and Supplier Relationship Management

The effective management of contracts and maintaining appropriate relationships with suppliers is vital to the successful delivery of public services by ensuring that costs are controlled, the quality and timeliness of agreed outcomes and performance levels are met, and the occurrence of risks are minimised.

Ref.	Description of Action	Target Completion	Feb 26 Update
CM1	Develop a corporate contract management framework for the organisation*	Year 2- Q4	Action progressing and in data gathering phase but unlikely to be completed by target completion date without additional resource due to capacity constraints. Being incorporated into procurement transformation project.

**NOTE: This action now forms part of PCC's response to Grant Thornton's 24/25 Value For Money Audit improvement recommendation IR7 to strengthen contract management arrangements by:*

- *Implementing processes to provide central oversight and assurance that contracts are being monitored and managed effectively*
- *Developing the contract management framework to categorise contracts by value and impact on service delivery and develop proportionate contract management processes according to risk*

Risk Management

The Council's procurement activity is diverse ranging from low value, low risk transactional purchases right up to multi-million-pound complex strategic partnership arrangements across seven unique categories. This diversity means it is not appropriate to take a 'one size fits all' approach to procurement, instead decisions must be made on a requirement-by-requirement basis taking into consideration relevant information on a proportionate basis. This naturally places risk management at the heart of procurement activity by putting expectations on officers to identify and assess internal strengths and weaknesses and external threats and opportunities to determine the procurement sourcing strategy that will deliver the best outcome, whatever that looks like for a given requirement. This includes putting in place risk mitigations where necessary.

Ref.	Description of Action	Target Completion	Feb 26 Update
RM1	Maintain operational risk register	-	BAU
RM2	Refresh CSO and associated processes and templates to ensure consideration of risk management is embedded throughout the procurement cycle	Year 1- Q2	Complete

Framework

The Council's chosen strategic procurement framework is Category Management which is where an organisation segments it spend into areas which contain similar or related characteristics for the purposes of managing procurement activity. Category Management is widely held in the profession to be the most effective and efficient approach to Procurement.

Ref.	Commitment	Description of Action	Target Completion	July 25 Progress update and RAG
F1	Data Analysis- to make insights and overall better-informed decisions	Resecure subscription to spend analysis software	Year 2- Q1	Closed. Superseded by Source2Contract system business case which will include requirement for spend analysis functionality
F2	Categorisation- Developing expertise and market knowledge to discover opportunities to be commercial and for innovation	Review and refresh where necessary the Council's spend categories.	Year 2- Q4	Complete. External procurement consultants V4 Services Ltd have reviewed PCC's spend categories and confirmed they remain valid and align with category management good practice
F3	Segmentation- to inform prioritisation and make best use of resources	Develop a Council contract/spend segmentation model (links to wider contract management framework)	Year 2- Q4	Action progressing as part of contract management framework but unlikely to be completed by target completion date without additional resource due to capacity constraints. Being incorporated into procurement transformation project.
F4	Aggregation- Securing reductions in costs including purchase price by increasing volumes and reducing transactions	identify and categorise existing Council contracts + pipeline procurements (Procurement Act)	Year 1- Q4	Complete

F5	Standardisation- Achieving consistency and assurance of policies/ procedures	Develop category management templates	Year 2- Q4	Not commenced. Dependency on systems and contract management framework workstream which have also been prioritised due to capacity constraints. Being incorporated into procurement transformation project.
F6	Supplier Relationship Management- Building appropriate relationships with suppliers to ensure the successful delivery of outcomes, and pursue continuous improvement	Develop a Council supplier segmentation model	Year 2- Q4	Action progressing as part of contract management framework but unlikely to be completed by target completion date without additional resource due to capacity constraints. Being incorporated into procurement transformation project.

BENCHMARKING AND MATURITY ASSESSMENT

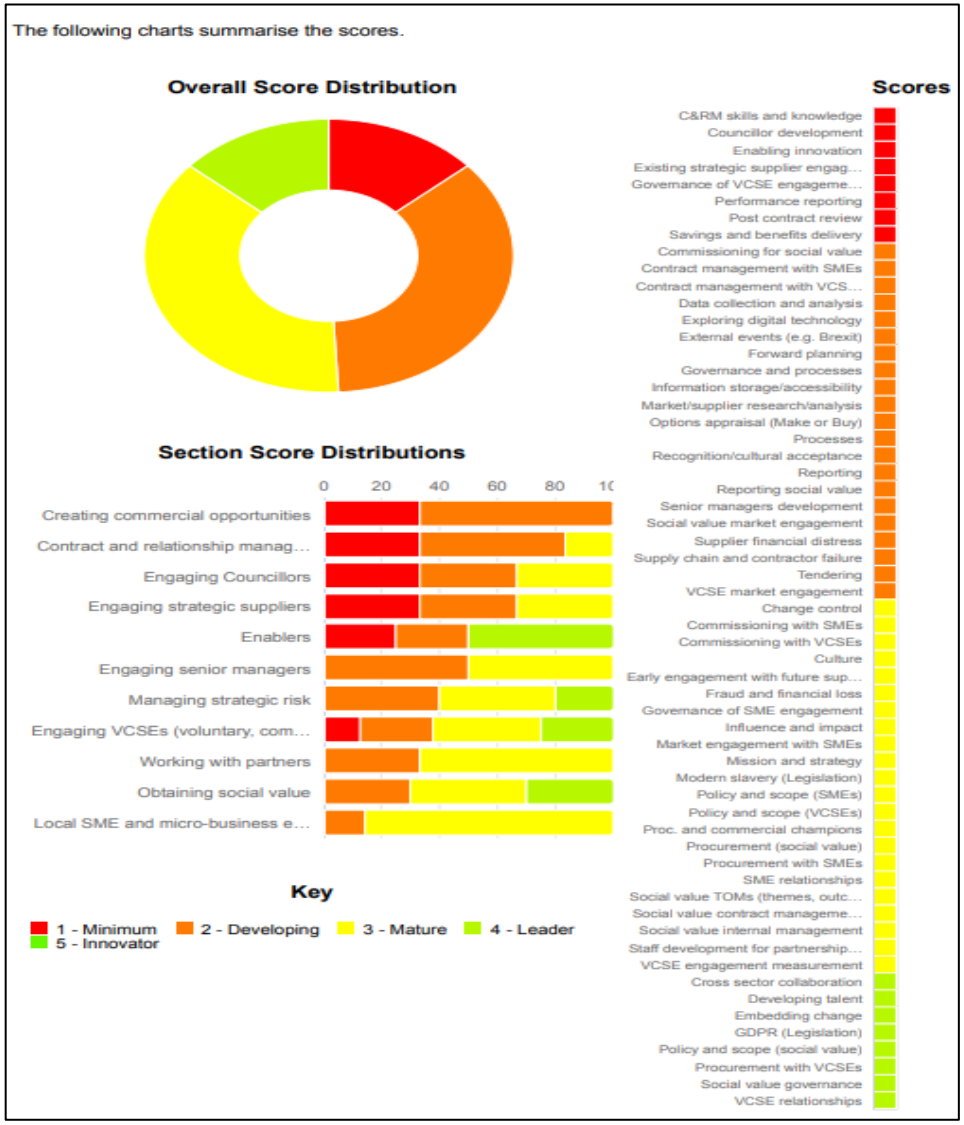
Two procurement benchmarking and maturity assessment activities have been completed during this period to understand our progress and maturity against other regional and national local authorities. Findings are summarised below:

LGA's National Procurement Strategy 2025

- LGA's National Procurement Strategy is recognised by the UK Government as a benchmark framework, aligned with the core values of the National Procurement Policy Statement introduced alongside the Procurement Act 2023.
- The diagnostic is a means of enabling LAs to gauge current level of attainment against the National Strategy, ascertain where improvement is needed in accordance with own local priorities and, measure progress against previous submission(s).
- The diagnostic is a self-assessment based on a maturity index from 1 (minimum) to 5 (innovator) with scores being selected based on how close a procurement service matches pre-defined statements for each maturity level.
- Where the Council met some but not all the statements within a maturity level discretion was applied as to whether maturity could be reasonably demonstrated. Where uncertain the lower maturity level was selected.
- PCC's response was completed collaboratively by the Procurement Service and Commissioning Procurement Team and agreed by the Procurement Portfolio Holder and Service Director for Finance in November 2025.

Results indicate PCCs procurement service is:

- Mature and shows leader qualities in areas such as VCSE and SME engagement, social value and legislative governance.
- Developing and shows minimum maturity in areas such as forward planning, data analysis and use of digital tools, contract and supplier relationship management and savings delivery.



Comparison: 2021 Benchmark

- No regression since 2021
- Progress made in majority of areas particularly working with partners, engaging Councillors and supporting SMEs
- No and limited movement in relation to contract and supplier relationship management and creating commercial opportunities

Comparison: Southwest Benchmark

- Notably behind the region in relation to creating commercial opportunities, contract and supplier relationship management and procurement engagement at the strategic level.
- On par with the region in relation to enablers, working with partners and managing strategic risk.
- Ahead of the region in relation to VCSE and SME engagement and social value

Comparison: England Benchmark

- Notably behind LAs nationally in relation to creating commercial opportunities, contract and supplier relationship management and procurement engagement at the strategic level.
- On par nationally in relation to working with partners, engaging VCSEs, managing risk and enablers.
- Ahead of LAs nationally in relation to SME engagement and social value

V4 Services Ltd As-Is Diagnostic

Recognising the limitations of the LGA's benchmarking diagnostic as a self-assessment only and the value in obtaining an objective external expert opinion upon which a fit-for-purpose procurement service can be built to meet the Council's current needs and future ambitions, V4 Service Ltd were contracted to undertake a maturity assessment and make recommendations for improvement accordingly.

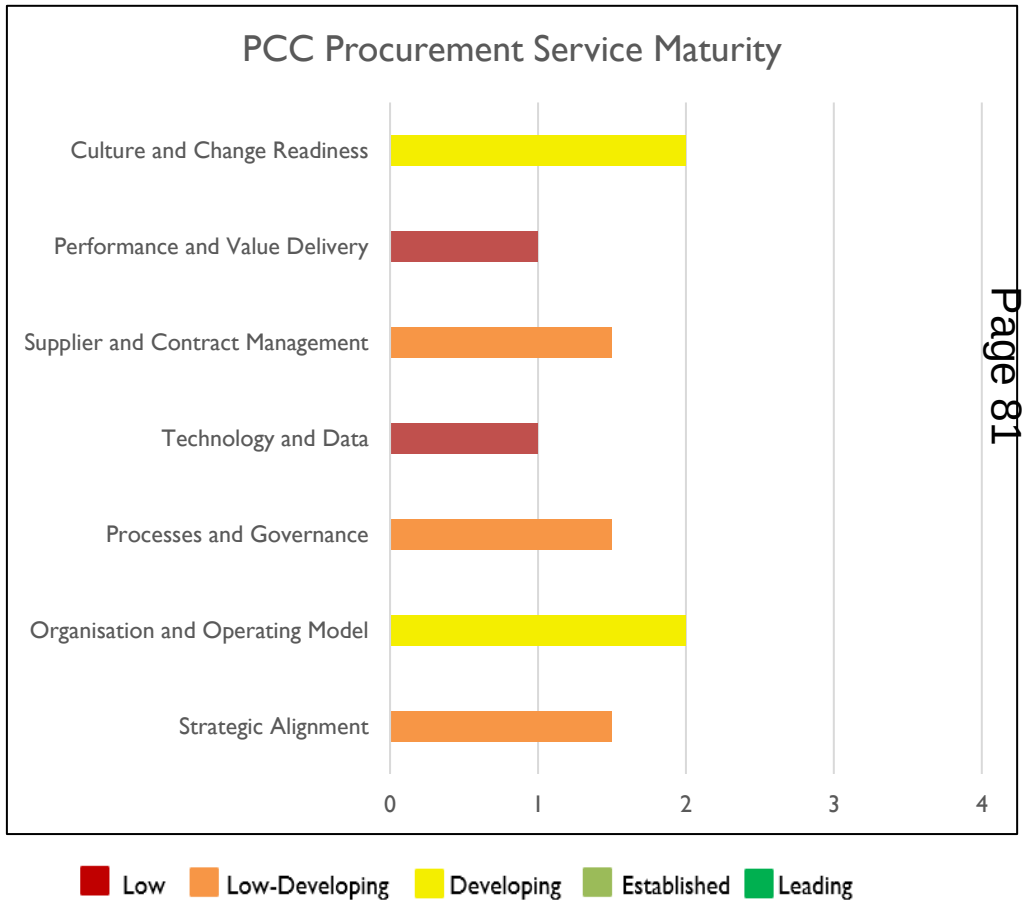
The summary of their findings is:

Overall, the Council demonstrates strong strategic intent and a clear commitment to value for money, social value, and sustainability, as reflected in its Procurement Strategy 2024–2026 and the Prevention-First Transformation Programme. However, delivery capability remains immature and fragmented, with significant variation in practice across directorates. The function is largely reactive, focused on process compliance rather than strategic outcomes, and lacks the visibility, systems, and governance needed to embed a modern, data-driven approach compliant with the Procurement Act 2023.

To move toward an "Established to Leading" maturity level, the Council must focus on:

- Integrating procurement, contract management, and commissioning within a unified governance and accountability framework.
- Investing in technology and data infrastructure to improve visibility, compliance, and performance reporting.
- Developing proportionate, risk-based processes that enable efficiency and innovation
- Building commercial capability and SRM practices to drive value beyond compliance.
- Embedding performance metrics and continuous improvement mechanisms to measure delivery and demonstrate impact.
- Fostering a collaborative and empowered culture, positioning procurement as a strategic partner in achieving corporate outcomes.

The foundations for effective procurement are in place, but transformation will require concerted leadership focus, resource investment, and a shift from process compliance to strategic value creation.



Appendix A- Waiver and Non-compliance Data

Waivers

Ref #	WIP #	Reason(s)	Client Team	Client Service	Client Directorate	Supplier Name	Procurement Title	Total Value (ex VAT)
WA2328	27803	Limited Market	Housing & Regeneration	Strategic Planning and Infrastructure	Place	Firntec Ltd	Plymouth Guildhall Fire Strategy	£ 18,990
WA2329	27804	Limited Market	Housing & Regeneration	Strategic Planning and Infrastructure	Place	Services Design Solutions Limited	Mechanical, Electrical and Public Health Engineer for Plymouth Guildhall	£ 23,607
WA2337	27722	Reputational Implications Limited Market	Strategic Transport	Strategic Planning and Infrastructure	Place	Fortestville Communications Limited T/A ECF	A38 Manadon Interchange Consultation and Community Engagement Support	£ 171,695
WA2342	27749	Limited Market	Strategic Projects Housing & Regeneration	Strategic Planning and Infrastructure	Place	Bailey's Partnership Ltd	Principal Designer Role for Phase 1 Longcause	£ 17,550
WA2343	27567	Reputational Implications	Recruitment	HROD	Customer and Corporate Services	Berwick Partners trading as IRG Advisors LLP	Search & Selection for Chief Operating Officer	£ 48,250
WA2345	27723	Reputational Implications	Projects (on behalf of	Strategic Planning and Infrastructure	Place	South West Water	Sewer diversion Colesdown Hill	£ 141,233

			Transport Planning)					
WA2346	27723	Reputational Implications	Projects (on behalf of Transport Planning)	Strategic Planning and Infrastructure	Place	South West Water	Main waters diversion Colesdown Hill	£ 206,337
WA2351	27598	Reputational Implications	Natural Infrastructure	Street Services	Place	WBM Groundworks	Central Park (Ph3) Groundworks	£ 373,186
WA2358	Various	-Breach or Conflict of Statutory Duties -Reputational Implications -Personal Welfare of Service users -Limited Market	Statutory Compliants	Transformation	Customer and Digital	Various	Independent Investigators	£ 25,000
WA2375	27979	Limited Market	Adults, Health and Communities	Commissioning	Adults, Health and Communities	ON CALL	Translation Services	£ 100,000
WA2377	27641	-Reputational Implications -Limited Market	Oceansgate	Economic Development	Place	NG Bailey	MoD communications diversion - Oceansgate Ph3.1	£ 250,000
WA2379	28003	-Breach or Conflict of Statutory Duties -Reputational Implications	Technical officer	Street services	Place	Chubb	M&E for Chelson Meadow	£ 150,000
WA2382	28033	-Reputational Implications -Limited Market	Housing & Regeneration	Strategic Planning and Infrastructure	Place	Countercultur e Partnership LLP	Guildhall Options and Business Plan Development	£ 21,700

WA2397	27801	Reputational Implications	Economic Development	Economic Development	Place	BDP	CDM Principle Designer Services for the Civic Centre	£ 36,500
WA2398	28095	Reputational Implications	Economic Development	Economic Development	Place	Prism Measured Surveys	Measured Building Survey and Underground utility survey - Civic	£ 40,168

Non-Compliance Declarations

Ref #	WIP #	Non-Compliance Status	Client Team	Client Service	Client Directorate	Supplier Name	Procurement Title	Total Value (ex VAT)
NC2352	27814	A contractual commitment has already been made in breach of the Council's CSOs	n/a	Strategic Planning and Infrastructure	Place	Hippo Consulting	Plymouth Guildhall AV Package Stage 3	£ 8,000
NC2355	25763	A contractual commitment has already been made in breach of the Council's CSOs	Economic Development	Economic Development	Place	Savills	Asset Valuations	£ 50,000
NC2356	27836	A contractual commitment has already been made in breach of the Council's CSOs	SEND	Education, Participation and Skills	Childrens Services	Dr Victoria Jervis	Psychological supervisions sessions	£ 5,000
NC2357	27835	A contractual commitment has already been made in	Facilities Management	Facilities Management	Customer and Corporate	FRA Limited	Fire Risk Assessments	£ 25,000

		breach of the Council's CSOs						
NC2363	27884	A contractual commitment has already been made in breach of the Council's CSOs	Net Zero	Strategic Planning	Place	Theatre Royal T/A Talklight	Room hire	£ 162
NC2364	27889	A contractual commitment has already been made in breach of the Council's CSOs	Electoral services	Electoral services	Executive Office	PL1 Events	Equipment for directly elected mayor refurendum	£ 46,458
NC2366	27898	A contractual commitment has already been made in breach of the Council's CSOs	Strategic Development	Strategic Co-operative Commissioning	People	PLYMOUTH Learning Partnership CIC	LEARNING MENTOR CONTRACT	£ 375,424
NC2367	27912	A request to make a contractual commitment was made without sufficient consideration of the Council's CSOs where the Council has no option but to commit	Economic development	Economic Development	Place	Detertech	Intruder detection and CCTV at Civic Centre	£ 32,004
NC2369	27851	A contractual commitment has already been made in breach of the Council's CSOs	Plymouth Highways	Highways	Place	WSP	General, Principal and Special Structural Inspections	£ 60,421
NC2370	27926	A contractual commitment has already been made in	Community Connections	Community Connections	People	Trevi	Changing Futures Women's Support Project	£ 40,548

		breach of the Council's CSOs						
NC2374	27935	A contractual commitment has already been made in breach of the Council's CSOs	contract and compliance	street services	Place	Chubb	To deliver M&E routine, reactive repair and maintenance of the LTP june/july/aug	£ 66,000
NC2381	28004	A contractual commitment has already been made in breach of the Council's CSOs	Economic Development	Strategic Development	Place	Avison Young	Plymouth Airport – Expert Witness & Value Advice	£ 23,218
NC2403	28098	A contractual commitment has already been made in breach of the Council's CSOs	Oceansgate Project Coordinator	Economic Development	Place	Moortek	Installation of new antennae and mobile signal booster for Endeavour House	£ 23,950
NC2405	28153	A contractual commitment has already been made in breach of the Council's CSOs	Building Surveyor	Facilities management	customer and corporate	Bronze Age	Nancy Astor Statue repair and maintenance	£ 5,000
NC2406	28154	A contractual commitment has already been made in breach of the Council's CSOs	Building Surveyor	Facilities management	customer and corporate	hewitt bros	Nancy Astor Statue collection and delivery	£ 4,780
NC2419	28213	A request to make a contractual commitment was made without sufficient consideration of the	Community Safety	Community Connections	People	Black Country Metalworks Ltd	Knife Angel Statue Loan	£ 4,000

		Council's CSOs where the Council has no option but to commit						
NC2431	28287	A request to make a contractual commitment was made without sufficient consideration of the Council's CSOs where the Council has no option but to commit	Inclusion, Attendance and Welfare Team	Education, Participation and Skills	Children's Services	The Engagement Platform	Pupil And Staff Engagement Tool For Schools	£ 51,015
NC2435	28322	A contractual commitment has already been made in breach of the Council's CSOs	Transport	Strategic Planning	Place	Westcotts	Audit for Capital project	£ 2,750
NC2438	28339	A contractual commitment has already been made in breach of the Council's CSOs	Culture and Employee Engagement	HROD	Customer and Corporate Services	Bthechange CIC	Management And Leadership Development Programme	£ 4,850

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Audit and Governance Committee

Date of meeting:	10 March 2026
Title of Report:	**Treasury Management Practices, Principles and Schedules 2026/27**
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	Wendy Eldridge Lead Accountancy Manager Capital & Treasury Management
Contact Email:	Wendy.eldridge@plymouth.gov.uk
Your Reference:	Fin/TM PPS 26-27
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report
The CIPFA Code of Practice on Treasury Management requires the Council to publish its practices, principles and schedules each year. The Treasury Management practices, principles and schedules are in place to ensure the Council's Treasury Management policy is adhered to and that working practices and controls are in place to meet the approved strategy.

Recommendations and Reasons

1. To approve the Treasury Management Practices, Principles and Schedules for 2026/27 as set out in this report.
   Reason: This will ensure compliance with the CIPFA Code of Practice for Treasury Management.

Alternative options considered and rejected

1. A There are no alternative options. The Council has adopted the CIPFA Code of Practice for Treasury Management which requires the Treasury Management Practices, Principles and Schedules to be scrutinised and approved by the Audit Committee.

Relevance to the Corporate Plan and/or the Plymouth Plan
Effective financial management is fundamental to the delivery of corporate improvement priorities. Treasury Management activity has a significant impact on the Council's activity both in revenue budget terms and capital investment and, as such, is a key foundation facilitating the delivery of several corporate priorities.

Implications for the Medium Term Financial Plan and Resource Implications:
Treasury Management affects the Council's budget in terms of borrowing costs and investment returns. The Treasury Management Strategy sets the authorised limits and operational boundaries within which investment and borrowing decisions are taken and risks managed. Effective treasury management will provide support towards the achievement of the Council's business and service objectives. Plymouth City Council is therefore committed to the principles of achieving value for money in treasury

management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Financial Risks
The ongoing DSG deficit poses a material financial risk to the Council by increasing reliance on cash-flow support and reducing long-term fiscal flexibility, thereby requiring close monitoring within overall treasury management and financial planning.
The Council has forecast borrowing £796.559m for 2025/26 with further borrowing required to support an active capital programme in 2026/27.

Legal Implications
The report is to ensure compliance with the CIPFA Code of Practice on Treasury management and the statutory framework listed in the report which require the Council to publish its practices, principles and schedules each year.

Carbon Footprint (Environmental) Implications:
Treasury Management budgets include borrowing to support the provision for a Climate Emergency Investment Fund in the Capital Programme and cash management to support projects within the Net Zero Action Plan 2025-2028 which is reviewed annually

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:
** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*
Volatility and uncertainty within global financial markets could have a substantial effect on Treasury Management activities. The risk in the Council's investments and loans will be constantly monitored and acted upon in accordance with the principles and procedures set out in the Council's Treasury Management Practices, Principles and Schedules.

Appendices
**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	Treasury Management Policy Statement							

Background papers:
**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Treasury Management Strategy 2026/27							

Sign off:

Fin	HS.25.26.009	Leg	LS/0000360952/LB/02/03/26	Mon Off	N/A	HR	N/A	Assets	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 26/02/2026											
 Cabinet Member approval: Date approved: 02/03/2026											

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

1.1 Plymouth City Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Authority will create and maintain, as the cornerstones for effective treasury management: -

- A treasury management policy statement stating the policies, objectives, and approach to risk management of its treasury management activities.
- Suitable treasury management practices (TMPs), setting out the way the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- Investment management practices (IMPs) for investments that are not for treasury management purposes.

1.3 The Authority's Council (i.e. full Council) will receive reports on its treasury and investment management policies, practices and activities including, as a minimum, an annual strategy and plan of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs and IMPs.

1.4 The Authority delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Audit & Governance Committee and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs, IMPs and CIPFA's Standard of Professional Practice on treasury management.

1.5 The Authority nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 Plymouth City Council defines its treasury management activities as the management of the Authority's borrowing, investments, and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

2.2 Plymouth City Council regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered to manage these risks.

2.3 Plymouth City Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

2.4 Plymouth City Council borrowing will be affordable, sustainable, and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source of borrowing and the type of borrowing should allow the Authority transparency and control over its debt.

The Authority's primary objective when borrowing money is to strike an appropriately low risk balance between securing low interest and fixing borrowing to obtain certainty costs. The flexibility to renegotiate loans or to reschedule debt should the Council's long-term plans change is a secondary objective.

2.5 Plymouth City Council's priority in relation to its treasury investments is the security of capital and liquidity (or accessibility) of these investments.

The Authority's objective when investing treasury monies 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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve, where appropriate, a total return that is equal or higher than the prevailing rate of inflation to maintain the spending power of the sum invested.

TREASURY MANAGEMENT PRACTICES PRINCIPLES AND SCHEDULES 2026-27

This document has been prepared in the sequence set out in CIPFA guidance. For ease of use, the key areas for Plymouth City Council treasury operations are referenced below:

INDEX	TMP Number	Page
Organisational chart of the Council's Finance and Treasury Division Statement of duties and responsibilities Absence cover	TMP 5/ Appendix 1	32/57
Liquidity Management, Cash flow, bank overdraft, short-term borrowing/lending Cash Flow forecasts Bank statements, payment scheduling	TMP 1 TMP 8 TMP 8	10 47 49
Electronic banking and dealing Standard Settlement Instructions, Payment Authorisation	TMP 1	10
Decision making and analysis	TMP 3	25
Approved types and sources of borrowing Approved investment instruments	TMP 4	29
Counterparty Credit Risk Management Current criteria Counterparty List and Limits	TMP 1	10
Dealing: - Authorised dealers - Dealing limits - List of approved brokers - Deal Ticket pro-forma - Direct dealing list - Settlement transmission procedures	TMP 5	32
Reporting arrangements/Performance measurement Officers' responsibilities for reporting	TMP 6 TMP 2 TMP 5	38 22 32
Budget, Statement of Accounts, treasury-related information for Auditors	TMP 7	43
Anti-Money Laundering Procedures	TMP 9	50
Training and Qualifications	TMP 10	52
Contingency Arrangements	TMP 1	10
External Service Providers	TMP 11	53
References to Statute and Legislation	TMP 1	10

Corporate Governance	TMP 12	54
Non-financial Investments	TMP 13	55

INTRODUCTION

The Audit and Governance Committee is required to approve the Treasury Management Practices, Principles and Schedules report each year as a requirement of the Council's Treasury Management Strategy.

The CIPFA Code of Practice on Treasury Management in the Public Services (the TM Code) was last revised in December 2021. The TM Code requires The Authority to create and maintain, as the cornerstones for effective treasury and investment management:

- a treasury management policy statement stating the policies, objectives, and approach to risk management of its treasury management activities.

- suitable treasury management practices (TMPs – i.e. this document) setting out the way the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

This TMP document also sets out the responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management.

Treasury Management is defined by CIPFA as:

> **The management of the Authority's borrowing, investments, and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with these activities, and the pursuit of optimum performance consistent with those risks.**

'Investments' now covers all the financial assets of the Council, as well as other non-financial assets which the Council holds primarily for financial returns, including but not limited to commercial property.

Investments will be categorised in accordance with the primary purpose of the investment.

- Treasury management investments are those investments that arise from the Authority's cash flows or treasury risk management activity and ultimately represent balances that need to be invested until the cash is required for use in the course of the Councils business.
- Service investments are those held primarily and directly for the delivery of public services (including housing, regeneration, and local infrastructure) or in support of joint working with others to deliver such services. They may or may not involve financial returns.
- Commercial investments are those held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.

Service and commercial investments assets are not managed as part of the Council's normal treasury management or under treasury management delegations, but they nonetheless require appropriate investment and risk management under the Code; a separate Treasury Management Practice (TMP 13) in this document is therefore included, specific to these investments.

The Code identifies three key principles:

(1) Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

(2) Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

(3) They should acknowledge that the pursuit for value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following five clauses.

(1) The Council will create and maintain, as the cornerstones for effective treasury and investment management:

a. A treasury management policy statement, stating the policies, objectives, and approach to risk management of its treasury management activities.

b. Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

c. Investment management practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Section 6, 7 and 8 of the TM Code, subject only to amendment where necessary to reflect the particular circumstances of the Authority. Such amendments will not result in material deviation from the Code's key principles.

(2) The Council will receive reports on its treasury and investment management policies, practices, and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

(3) The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit and Governance Committee and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

(4) The Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

(5) The Council produces a Capital Financing Strategy which is approved by full council, the Audit Committee may also set the detailed treasury management policies, whilst being clear that overall responsibility remains with full council.

The Treasury Management Practices (TMPs) comprise:

TMP 1: Risk management

TMP 2: Performance measurement

TMP 3: Decision-making and analysis

TMP 4: Approved instruments, methods and techniques

TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements

TMP 6: Reporting requirements and management information arrangements

TMP 7: Budgeting, accounting and audit arrangements

TMP 8: Cash and cash flow management

TMP 9: Money laundering

TMP 10: Training and qualifications

TMP 11: Use of external service providers

TMP 12: Corporate governance

Schedules supporting these practices and other documents held at an operational level specify the systems and routines to be employed and the records to be maintained in fulfilling the Council's treasury functions.

1. TMP 1: RISK MANAGEMENT

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

1.1 The Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out as schedules below. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

1.2 **Credit and Counterparty Risk Management**: Credit and counterparty risk is the risk of failure by a third party to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the Council's capital and revenue resources.

1.2.1 ***Principle:*** *The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques, and listed in the schedule. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, as per the Treasury Management Strategy, or with whom it may enter into other financing arrangements.*

The Authority's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the Authority's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

1.2.2 **Schedule:**

Criteria to be used for creating/managing approved counterparty lists/limits	The Section 151 Officer is responsible for setting prudent criteria and the Council's treasury advisors will also provide guidance and assistance in setting the criteria. The criteria will be agreed by Council. The current criteria are contained in the Treasury Management Strategy. The Council's treasury management advisors will advise on credit policy and creditworthiness related issues. The Council's treasury management advisors will provide a counterparty list based on its criteria (determined at least annually) and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include consideration of credit ratings from main ratings agencies and other alternative assessments of credit strength (for example, statements of potential government support where applicable, resolution mechanisms for failing financial institution's balance sheet liabilities, CDS information, the composition of an institution's balance sheet liabilities). Investment limits are set by reference to the lowest long-term rating from the agencies [currently A-] and other relevant factors, including external advice. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered including information on corporate developments and market sentiment towards investment counterparties. Higher time and cash limits may be set for secured investments (e.g. those with underlying collateral or which are by regulation excluded from being bailed-in/restructured in the event of financial distress.) Where there is no investment-specific rating, but collateral upon which the investment secured is rated, then the higher of the collateral and counterparty rating will be used to determine time and cash limits.
Approved methodology for changing limits and adding/removing counterparties. Risk management: creditworthiness deteriorates below the minimum criteria. (a) ratings are placed on review for downgrade.	The Section 151 Officer has delegated responsibility to add or delete counterparties and to review limits to the Council's treasury management advisors as detailed above. Where an entity's credit rating is downgraded so that it fails to meet the minimum criteria, then. - No new investments will be made. - Any existing investments that can be recalled or sold at no cost will be recalled or sold. - Full consideration will be given to the recall or sale of other existing investments with the affected counterparty. Where a credit rating is placed on 'review' for possible downgrade (also termed 'rating watch negative' or 'credit watch negative') so that it may fall below the minimum approved credit criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the rating review has been completed and its outcome known. This policy will not apply for 'negative outlooks' which indicate a long-term direction of travel rather than a possibility of an imminent downgrade.

Counterparty list and limits	A full individual listing of banking* counterparties based on the criteria will be provided by the Council's treasury management advisors. As credit ratings etc. are subject to change without notice, any changes will be advised by the Council's treasury management advisors. * It may be impractical to determine a specific list of non-financial counterparties in whose securities investments might be made. The minimum credit rating criteria, whether the security is secured or unsecured, and due diligence on the counterparty's creditworthiness will determine its selection for investment.
Details of credit rating agencies' services and their application Limitations of credit ratings and other information on security of investments	The Council considers the ratings of the main ratings agencies when making investment decisions. Credit rating agency information is just one of a range of instruments used to assess creditworthiness of institutions. The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including. - bail-in risk metrics - credit default swap prices, - financial statements, - information on potential government support / bail-in impact - reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the minimum credit rating criteria.
Description of the general approach to collecting/using information other than credit ratings for counterparty risk assessment	The Council's Treasury Advisor, Arlingclose, provides timely information on counterparties, in terms of credit rating updates and economic summaries. Credit default swap information is received monthly, as well as information on share price. The Council's Treasury Advisor also undertakes analysis on the balance sheet structure of key banking institutions to help inform the potential restructure (i.e. bail-in) of a bank's unsecured liabilities should this be required by the regulatory authorities.
Full individual listings of counterparties and counterparty limits	An up-to-date individual listing of banking counterparties based on the criteria is maintained and saved in the Authority's systems. As credit ratings etc. are subject to change without notice, an up-to-date lending list will be maintained on an ongoing basis.

Country, sector and group listings of counterparties and the overall limits applied to each, where appropriate	Monetary limits for any one organisation (other than the UK government) are set with reference to [revenue reserves available to cover investment losses to minimise the impact on reserves in the case of a single default]. The level of [revenue reserves], and therefore the monetary limit, will be reviewed at least annually. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on. - foreign countries, i.e. deposits with and CDs/bonds issued by non-UK organisations. - total amounts invested with one fund management company, - investments in brokers' nominee accounts. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.
Responsible Investment / ESG	The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. **ESG policy**: The CIPFA Treasury Management Code requires local authorities to consider their counterparty policies considering environmental, social, and governance (ESG) information while recognising that there is not a developed approach to ESG for public sector organisations and not expecting authorities to use real-time ESG scoring/criteria for individual investments. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance* and/or the UK Stewardship Code 2020. *The Net-Zero Asset Managers Initiative (NZAM) remains suspended following its decision in January 2025 to pause operations and undertake a comprehensive review. The initiative removed its list of signatories and halted all reporting and tracking after several major members withdrew. An announcement is awaited on when NZAM will resume target and implementation support activities and the Council will use latest available published data when reviewing investments.

1.3 Liquidity Risk Management*:* Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

1.3.1 Principle*: The Section 151 Officer will ensure the Council has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.*

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to fund future debt maturities.

1.3.2 Schedule:

Cash flow and cash Balances	The Council will aim for effective cash flow forecasting and monitoring of cash balances and will maintain a single cash flow forecast to determine the maximum period for which funds may be prudently committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.
Amounts of approved minimum cash balances and short-term investments	A balance in the region of £20m to deal with day to day cash flow fluctuations is maintained by investing money overnight with the Council's bankers. The Council uses various Reserve Accounts, Call Accounts and Money Market Funds to manage its liquidity requirements These Accounts/Funds are named on the Council's approved counterparty list. The maximum balance on each of these accounts is reviewed and set as part of the Council's investment strategy.
Details of short-term borrowing facilities	Temporary borrowing up to 1 year through the money market is available should there be a cash flow deficit at any point during the year. At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Prudential Indicator for the Authorised Borrowing Limit agreed by the Council before the start of each financial year.
Bank Overdraft and standby facilities	The Council has an authorised overdraft limit with its bankers Barclays of £100,000 at an agreed rate of 1% above base rate. The facility is used as a contingency.
Policy in terms of borrowing in advance of need	The Council may need to borrow in advance of need where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council may be exposed to the risk of both the loss of the borrowed sums, and that investment and borrowing rates may change during the intervening period. These risks will be managed as part of the Council's overall treasury risk management. The total amount borrowed will not exceed the authorised borrowing limit. The maximum period between borrowing and expenditure is expected to be 2 years, although linking loans with particular items of expenditure is not required.

1.4 Interest Rate Risk Management: Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

1.4.1 Principle: *The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs or revenues, in accordance with its treasury management policy and strategy and in accordance with TMP6 Reporting requirements and management information arrangements.*

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

The Council will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

1.4.2 Schedule:

Proportions of fixed/variable rate debt/interest	Borrowing/investments may be at a fixed or variable rate. In setting its forward Treasury Strategy on an annual basis, the Council will determine the necessary degree of certainty required for its plans and budgets but will, at the same time, allow sufficient flexibility to enable it to benefit from potentially advantageous changes in market conditions and level of interest rates and also to mitigate the effects of potentially disadvantageous changes. A fall in interest rates is beneficial for variable rate debt and short-term borrowing which needs to be refinanced, but not for variable rate investments. Conversely, a rise in interest rates is beneficial for short-term investments which can be reinvested at higher rates but will be a cost for variable rate borrowing or short-term borrowing which needs to be refinanced. The Authority sets an Interest Rate Risk indicator as part of its Treasury Management Strategy to control exposure to interest rate risk. This is set as (a) Upper limit on one-year revenue impact of a 1% rise in interest rates and (b) Upper limit on one-year revenue impact of a 1% fall in interest rates. The proportion of fixed and variable rate debt will be determined as part of the annual borrowing strategy to address the issues of affordability but without compromising the longer-term stability of the debt portfolio. The proportion will be kept under review on a regular basis.
Managing changes to interest rate levels	The main impact of changes in interest rate levels is to monies borrowed and invested at variable rates of interest. The Council will consider matching borrowing at variable rates with investments similarly exposed to changes in interest rates as a way of mitigating any adverse budgetary impact. The Council may determine it is more cost effect in the short-term to fund its borrowing requirement through the use of internal resources ('internal borrowing') or through borrowing short-term loans. The benefits of such borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing or refinancing in future years when interest rates are expected to be higher. Alternatively, the Council may consider forward starting loans where the interest rate is agreed and fixed in advance but the cash is received in later years. This would enable certainty of cost be achieved without suffering a 'cost of carry' in the intervening period. Interest rate forecasts are provided by the Council's advisors and are closely monitored by the Treasury Management Team. Variations from original estimates and their impact on the Council's debt and investments are notified to the Treasury Management Board as necessary. For its investments, the Council also considers dealing from forward periods dependent upon market conditions. The Council's counterparty term limits will apply and will include the forward period of the investment.
Negative interest rates	Should economic conditions be such that the Bank of England sets Bank Rate at or below zero, this is likely to feed through into negative rates on short term, low risk investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even if it is below the amount originally invested.

1.5 Exchange Rate Risk Management: The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances against which the Council has failed to protect itself adequately.

1.5.1 Principle: The Council will manage any exposure to fluctuations in exchange rates to minimise any detrimental impact on its budgeted income/expenditure levels.

1.5.2 Schedule:

Exchange rate risk management	This Council does not, on a day-to-day basis, have foreign currency transactions or receipts. The Council holds a Euro account for specific European joint working projects. Any unexpected receipts of foreign currency will be converted to sterling at the earliest opportunity. If the Council has a contractual obligation to make a payment in a currency other than sterling then forward foreign exchange transactions will be considered, with professional advice. At the present time statute prevents the Council borrowing in currencies other than Sterling. The Council has also determined that all its investments will be in sterling.

1.6 Inflation risk

Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

1.6.1 Principle

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

Investments over one year	Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, to maintain the spending power of the sum invested.
Contractual obligations linked to inflation	The Council will identify all contractual obligations which are linked to inflation, whether receipts or payments, in relation to its treasury assets and liabilities and regularly review the financial impact of a <+/- 1%> increase/decrease in inflation from existing levels.

1.7 Refinancing Risk Management: The risk that maturing borrowings, capital, project, or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

1.7.1 Principle: *The Council will ensure that its borrowing and other long-term liabilities such as private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.*

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

1.7.2 Schedule:

Projected capital financing requirements	Five-year projections are in place for capital expenditure and it's financing or funding for the approved capital programme and capital pipeline approved through the Councils capital strategy. Financing will be from capital receipts, reserves and any grants or contributions awarded revenue resources or reserves. Funding will be from internal or external borrowing, as decided. As required by the Prudential Code, the Council will undertake Options Appraisal to evaluate the best capital expenditure financing route. The Council's projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement.
Debt/ other capital financing profiling, policies and practices Liability Benchmark	The Council will maintain through its treasury system – Logotech, reliable records of the terms and maturities of its borrowings, capital, project, and partnership funding and, where appropriate, plan and successfully negotiate terms for its refinancing. To assist with long-term borrowing decision making the Council creates, with advice and assistance from its treasury advisor, a 'Liability Benchmark' (LB) which forecasts the need to borrow over the medium- to longer-term. The LB is an important tool which considers maturing loans and represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow. The LB is represented as a graph in the annual treasury management strategy. It will be updated regularly through the year by the Authority in conjunction with the treasury management advisors with developments and/or timing changes in the capital programme as well as changes to balance sheet resources. Based on the output of the Liability Benchmark and the Council's outlook on interest rates, any longer-term borrowing will be undertaken in accordance with the Code and will comply with the Council's Prudential Indicators and the Annual Treasury Management Strategy. Where the lender to the Council is a commercial body, the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.

Policy on LOBO call options	The Council's debt portfolio includes loans borrowed on a LOBO (Lender's Option Borrower's Option) basis. The call dates for each LOBO loan are denoted within the Operations Folder and are referenced to the LOBO documentation. Prior to each call date, the Council will evaluate alternative funding sources for comparable interest rates/maturities. If the Lender exercises the call option (directly or via the broker) for a revision to the terms of the loan, the Council will thoroughly evaluate the new terms and additionally seek advice from the Council's advisor. The Authority will exercise caution where the new rate offered by the lender on the LOBO is slightly lower than prevailing PWLB rates. While the rate revision may look "cheaper" than PWLB debt, it only provides protection from further rate rises until the next option date. Should the lender exercise its call on the LOBO, it is important to remain within the timescale for the Authority to exercise its option, but not be rushed into a decision.
Policy concerning limits on revenue consequences of capital financings	The revenue consequences of financing the capital programme are included in cash flow models, annual revenue estimates and medium-term forecasts.

1.8 Legal and Regulatory Risk Management: The risk that the Council itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

1.8.1 ***Principle****: The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its counterparty credit risk management policy under TMP1(1) Counterparty credit risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.*

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.8.2 Schedule:

References to relevant statutes and regulations statutory guidance and recognised codes of practice	The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council such as: ▪ Local Government Act 2003 ▪ Localism Act 2011 (in relation to general power of competence) ▪ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, including the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2025 which extend provisions relating to pooled investment funds and infrastructure asset accounting ▪ The Local Authorities (Contracting out of Investment Functions) Order 1996 and subsequent amendments ▪ MHCLG Statutory Guidance on Local Government Investments (2018 Edition) ▪ CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes (2021 Edition) and Guidance Notes for Local Authorities ▪ CIPFA The Prudential Code for Capital Finance in Local Authorities (2021 Edition) and Guidance Notes for Practitioners ▪ Relevant CIPFA Bulletins ▪ Bank of England Money Markets Code (2021 Edition) and Explanatory Notes ▪ Council's Constitution including: • Standing Order relating to Contracts • Financial Regulations • Scheme of Delegation
PWLB Borrowing	HM Treasury have also issued guidance regarding PWLB lending which will apply to any loan arranged from 26th November 2020. The guidance is updated from time to time and can be found on https://www.dmo.gov.uk/responsibilities/local-authority-lending/lending-arrangements/
Procedures for evidencing the organisation's powers/ authorities to counterparties	To avoid the potential for illegal or irregular dealings in its treasury management activities the Authority will maintain and make available up-to-date records of its powers and of the regulatory regime under which the TM activities are undertaken. The Council's Financial Regulations contain evidence of the power/ authority to act as required by section 151 of the Local Government Act 1972, under the general direction of the Audit and Governance Committee. The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them. Where required, the Council will also establish the powers of those with whom they enter into transactions, including any compliance requirements in respect of a duty of care and best practice.

Required information from counterparties concerning their powers/ authorities	Investments shall only be made with institutions on the Council's authorised lending list or in securities which meet the Council's approved credit criteria. The Council will only undertake borrowing from approved sources listed in TMP 4.
Statement on political risks and management of the same	Political risk is managed by: • adoption of the CIPFA Treasury Management Code of Practice • adherence to Corporate Governance (TMP 12 – Corporate Governance) • adherence to the Statement of Professional Practice by the Section 151 Officer • the roles of the Audit and Governance Committee.

1.9 Operational Risk, including Fraud, Error and Corruption and Contingency Management: This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption, or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk referred to as operational risk.

1.9.1 ***Principle****: The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption, other eventualities in its treasury management dealings or external events. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.*

1.9.2 ***Schedule as set out in table below***

Details of systems and procedures to be followed, including Internet services	Segregation of duties minimises the possibility of fraud and loss due to error, and is detailed in **TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements.**
	
	1. Electronic Banking and Dealing
	(a) Banking: The Council's online banking service provided by Barclays is subject to separate log-on and password control allowing varying levels of access. Details of transactions and balances are available as required, and the system also holds historic data. Officers having access to the bank's online system are as follows:
	• Within the Treasury Management Function
	  o Head of Finance
	  o Lead Accountancy Manager
	  o Lead Accountants
	  o Service Accountants
	  o Assistant Accountant
	  o Finance Apprentice
	Officer access is reviewed at least 6 monthly or as necessary.
	
	(b) Access to the Council's treasury management system, Logotech is limited to those officers listed below, each having a separate log-on and password.
	• Within the Capital &Treasury Management Team to officers with direct Treasury Management functions or a supporting role.
	  o Lead Accountancy Manager
	  o Lead Accountants
	  o Service Accountants
	  o Assistant Accountant
	These also are reviewed at least 6 monthly or as necessary.
	
	(c) *Access and use of the online ICD Portal, for our Money Market Funds and iDeal for Arlingclose dealing platform, is listed below:*
	• For Fund Selection
	  o Head of Finance
	  o Lead Accountancy Manager
	• For Trading, the following members of the Treasury Management team
	  o Lead Accountants
	  o Service Accountants
	Full procedure notes covering the day to day operation of the on-line banking system and the treasury management system are documented.
	
	2. Standard Settlement Instructions (SSI) list : a list is maintained of named officers who have the authority to transact loans and investments
	• Brokers and counterparties with whom the Council deals direct are provided a copy of the SSI list.
	• A list of named officers with authority to borrow from the PWLB and invest with the Debt Management Agency Deposit Facility is also maintained with the PWLB/DMADF.
	• Money Market Funds/MMF portal clearing
	• Externally managed pooled funds.
	• Payment Authorisation:
	• Payments can only be authorised by an agreed signatory(ies) of the Council, the list of signatories having previously been agreed with the Council's bank.
	• Other payments made using online banking system and BACS payments can be authorised by an approved list of signatories.
	• Inflow and outflow of monies borrowed and invested will only be from the counterparty's bank accounts.
	• Separate officers will carry out (a) dealing and (b) recording of transactions and disbursements.

Verification	Loans and investments will be maintained in registers/treasury management system which will include fees and brokerage paid. Transactions will be cross-checked against broker notes, counterparty confirmations and PWLB loan schedules by verifying dates, amounts, interest rates, maturity, interest payment dates etc. When receiving requests for change of payment details, due care will be exercised to ascertain the bona fide of the request and avoid potential fraud. Additional checks will be made through pre-existing contact details for the payee before amending payment details.
Substantiation	1. The Treasury Management system balances are reconciled with financial ledger codes at the end of each quarter and at the financial year end. 2. Working papers are retained for audit inspection. 3. The bank reconciliation is carried out monthly from the bank statement to Civica general ledger.
Internal Audit	Internal Audit carry out an annual regulatory review of the treasury management function including probity testing. See TMP7 Budgeting, accounting and audit arrangements.
Contingency Management	1. All treasury systems are retained on the Council's network. Daily back-ups are taken and maintained, and network back-ups can be used by the service provider, DELT, to restore files, if necessary. 2. Temporary off-site working facility: The officers who can avail of this facility following an emergency are The Treasury Management Officers who will individually be made aware of the procedures to follow. 3. Electronic Banking System Failure: The Council's bank including the mode of obtaining balance details and information on inflow/outflow of monies and instructions for CHAPS payments can be made over the phone. Hard copies of contact details and account numbers are held onsite and work mobile phones will be made available. 4. A Business continuity plan and IT disaster recovery.
Insurance Cover details	The Council has Fidelity Guarantee cover. Details of the provider and cover are held by the Insurance Team.

1.10 Price Risk Management: This is the risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

1.10.1 Principle: This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

1.10.2 Schedule:

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDs etc.)	Investment instruments used by the external fund managers are subject to fluctuation in capital movements and exposed to interest rate risk. In order to minimise these risks capital preservation is set as the primary objective and pursuit of investment performance should be commensurate with this objective. The Council may consider an investment in Pooled Funds with a Variable Net Asset Value (VNAV), as appropriate, in line with its treasury strategy and on advice from its treasury advisors. The value of the pooled funds will change in line with market prices and, in some instances, may also have a notice period prior to redemption. Such funds will therefore be used for longer investment periods. The limits per fund/asset class will be as determined in the Council's annual investment strategy. The Authority also sets monetary limits for the Price Risk prudential indicator as part of its TM strategy. The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments.
Accounting for unrealised gains/losses	The Council will account for unrealised gains and losses arising from the valuation of financial assets in accordance with the requirements of the **Code of Practice on Local Authority Accounting**, ensuring that fair value movements are recognised and reported correctly in line with proper accounting practice. Under the **Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2025**, the statutory accounting override relating to pooled investment funds has been **extended for a further four years**. This extension maintains the requirement that fair value gains and losses on relevant pooled investment funds are transferred to an unusable reserve rather than impacting the Council's revenue account.

2 TMP 2: PERFORMANCE MEASUREMENT

2.1 ***Principle****: The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.*

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, or the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. CIPFA supports the use of risk benchmarks in measuring treasury management performance.

The performance of the treasury management function will be measured using the criteria set out below.

2.2 Schedule:

Policy concerning methods for testing value for money	Best value reviews will include the production of plans to review the way services are provided by ▪ Challenging ▪ Comparing performance ▪ Consulting with other users and interested parties. ▪ Applying competition principles To pursue continuous improvement in the way the Council's functions are exercised, having regard to a combination of value for money, efficiency, and effectiveness.

Policy concerning methods for performance measurement	• Performance measurement at this Council is intended to calculate the effectiveness of treasury activity in delivering the strategic objectives set through the Treasury Management Strategy and the Council's Prudential Indicators and to enhance accountability. • Prudential Indicators are local to the Council and are not intended as a comparator between authorities. • The performance review will be made in the light of general trends in interest rates during the year and how the decisions made corresponded with these trends and the Council's agreed strategy, i.e. the Council will avoid hindsight analysis. Any comparison of the Council's treasury portfolio against recognised industry standards, market indices and other portfolios is intended to (i) allow the Council the opportunity to assess the potential to add value through changes to the existing ways in which its portfolio is managed and (ii) permit an informed judgement about the merits or otherwise of using new treasury management techniques or instruments. In drawing any conclusions, the Council will bear in mind that the characteristics of its treasury operations may differ from those of other councils, particularly regarding the effective management of risk.
Methodology to be applied for evaluating the impact of treasury management decisions.	Monitoring of the outcome of treasury management activity against Prudential Indicators approved by the Council will be carried out as part of the budget monitoring reports to the Treasury Management Meetings throughout the year. The year-end Annual Treasury Report will also include, as a matter of course, the outturn against the PIs set prior to the commencement of the financial year and any in-year amendments. The Council's Treasury Management advisers review the existing borrowing and investments, and they produce a quarterly report to review the Council's position and benchmark this against other local authorities. The Council participates in the Treasury Management Advisor's quarterly investment benchmarking as well as the Treasury Management Advisor's annual Balance Sheet and Debt benchmarking.

Methodology to be employed for measuring the performance of the Council's treasury management activities	Treasury management activity is reviewed half yearly against strategy and prevailing economic and market conditions through the treasury monitoring report to Audit and Governance Committee. The report will include: a) CFR Funding Ratio (gross borrowing as a % of the Loans CFR) b) Gross and Net Borrowing; Leverage Ratio (gross borrowing as a proportion of net borrowing) c) Average rate on gross borrowing vs weighted average maturity. d) The effect of new borrowing and/or maturities on the above e) An analysis of any risks inherent within the debt portfolio (e.g. exposure to variable rate; LOBOs in their call period) f) Total investments including average rate and maturity profile. g) The rate of return on investments against their indices for internally and externally managed funds h) An analysis of any risks inherent within the investment portfolio (e.g. exposure to market movements in the value of CDs, gilts/bonds, callable deposits in their call period) i) A statement whether the treasury management activity resulted in a breach of the Prudential Indicators and other limits set within treasury strategy. j) Daily bank balances: any major deviations from the target bank balances.
Benchmarks and calculation methodology with regard to risk and return	**Treasury Management Costs** – Costs are split into Debt Management, Investment Management and Other. Investment Management invested, and Debt Management Cost of debt. **Investment returns** are reported and compared with current market returns. • Internally Managed Investment Returns - total interest accruing during the month or year on average daily balances invested during the calendar month. • Externally Managed Investment Returns - the growth (i.e. increase in value of the fund) in respect of the monthly average value of the fund. • Credit risk and credit profile • Volatility of funds operation on a variable net asset value (VNAV) basis. **Debt Management** ▪ Average Rate on external debt borrowed in financial year. ▪ Average period to maturity of external debt ▪ Average period to maturity of new loans in financial year ▪ Ratio of PWLB and market debt (beginning and end of period) ▪ Ratio of fixed and variable rate debt (beginning and end of period) ▪ Percentage of debt maturing in (i) 12 months and (ii) 12-24 months which will need refinancing. ▪ Percentage of LOBO loans with call frequency of (i) six months, (ii) 12 months, (iii) 2 years (iv) 3-5 years (v) greater than 5 years

Policy concerning methods for testing value for money in treasury management	The treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated corporate and service objectives. ▪ When tendering for treasury-related or banking services, the Council adheres to its Contract Standing Orders (CSOs) and Financial Regulations, which set out the mandatory procurement requirements for all goods, services and works. ▪ For contracts below the national procurement threshold, the CSOs require that competition is proportionate to value. Under Plymouth City Council's procurement rules, the Council must follow the processes defined in the CSOs (March 2025 update), which sit under the Procurement Act 2023 and apply to all public contracts. These rules establish the governance framework for obtaining quotations and undertaking competitive tendering, ensuring transparency, value for money, and compliance with statutory requirements. ▪ For contracts above the threshold set out in the Procurement Act 2023, the Council must apply the full legal requirements of the Act, which has replaced the former EU-based Public Contracts Regulations 2015. This includes the publication of appropriate procurement notices on the new Central Digital Platform, ensuring compliance with the national regime for tendering, transparency, supplier engagement, and contract award.

3 TMP 3: DECISION-MAKING AND ANALYSIS

3.1 Principle*: The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issued relevant to those decisions were taken into account at the time.*

The guidance on decision making states that relevant due diligence should take place on all transactions. In respect of investment decisions, the organisation should consider the risks to capital and returns and the implications for the organisation's future plans and budgets.

The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.

3.2 Schedule:

Capital expenditure and investment plans	The 2017 Prudential Code requires the Council to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the Council. Effective financial planning, option appraisal and governance processes are essential in achieving a prudential approach to capital expenditure, investment, and debt. The Prudential Code encourages determining spending priorities and affordability criteria. The fundamental objective in the consideration of the affordability of the Authority's capital plans is to ensure that the total capital investment of the authority remains within sustainable limits. In considering the affordability of the capital plans, the Council is required to consider all of the resources available to it or estimated for the future, together with the totality of the capital plans, income and expenditure forecasts.

Major treasury decisions	As a public service organisation, there is a requirement to demonstrate openness and accountability in treasury management activities. Accordingly, the Council will create and maintain an audit trail of major treasury management decisions which comprise either: a) Changes to Prudential Indicator(s) during the financial year b) Options Appraisal to determine a funding decision c) raising a new long-term loan / long-term source of finance d) prematurely restructuring/redeeming an existing long-term loan(s) d) investing longer-term (i.e. more than 1 year) f) utilisation of investment instruments which constitute capital expenditure (i.e. loan capital/share capital in a body corporate) g) leasing h) change in banking arrangements i) appointing/replacing a treasury advisor j) appointing/replacing a fund manager k) any other determined by the Council
Borrowing purpose	The 2021 Prudential Code is clear that to comply with this Code, an authority must not borrow to invest primarily for financial return. It is not prudent for the Authority to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the Authority's functions and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose. The Statutory Guidance of Local Authority Investments in England 2018 considers that borrowing in advance of need purely to profit from the investment of the extra sums borrowed is against the principles in the statutory framework. If the Authority chooses not to comply with this principle in order to invest in property or other financial assets for commercial return, then the Authority must make additional disclosures about the reasons for doing so.
Process	**Liability benchmark [LB]:** The Liability Benchmark is a long-term measure of the underlying need to borrow for <u>all</u> purposes over the long term and is based on its current capital programme and other forecast cash flow movements. It is a tool to compare the current loans portfolio against the current and planned need to borrow, in terms of both the level and term of borrowing. It indicates whether long term borrowing (or long-term investments if the Authority is a net investor) are more appropriate. The LB an important borrowing risk management measure and will be inclusive in the decision-making process to prevent over-borrowing; it will also therefore form part of the Authority's audit trail justifying long-term borrowing decisions. The Council's strategy for the application of its treasury policy is set out in the annual Treasury Management Strategy. A rolling monthly cashflow forecast will be prepared for the ensuing 12 months and will include the financing, borrowing and surplus cash requirements of the Council, for the purpose of: • applying the strategy on a day-to-day basis • monitoring the results of the strategy • recommending amendments to the strategy to the Council where applicable during the course of the year.

Delegated powers for treasury management	The Section 151 Officer has delegated powers to carry out the Council's strategy for debt management, capital finance and borrowing, depositing surplus funds and managing the cash flows of the Council.

Issues to be addressed, evaluation, authorisation.	**Borrowing objective:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective. In exercising these powers, the Section 151 Officer and those to whom the treasury activity has been delegated will • have regard to the nature and extent of any associated risks to which the Council may become exposed and put in place effective mechanisms for risk management and mitigation. • be certain about the legality of the decision reached and that the necessary authority to proceed has been obtained. • be satisfied that the documentation is appropriate to deliver the Council's objectives, protect the Council's interests, and to maintain an effective audit trail. • ensure that the perceived credit risk associated with the approved counterparties parties is judged satisfactory and is within agreed limits. • be satisfied that the terms of any transactions have been fully checked against the market and have been found to be competitive; is this being carried out. • follow best practice in implementing the treasury transaction. In exercising Borrowing and Funding decisions, the Section 151 Officer will with advice from the council's Treasury Management Advisors: • evaluate economic and market factors that may influence the manner and timing of any decision to fund. • evaluate the amount, structure, and duration of new borrowing and the timing thereof in relation to the Authority's planned borrowing needs (e.g. by use of a liability benchmark) • consider alternative forms of funding, including use of revenue resources, leasing and private partnerships. • consider the use of internal resources and/or the most appropriate periods to fund and repayment profiles to use. • consider ongoing revenue liabilities created. • where applicable, regularly monitor the benefits of internal borrowing against the potential for incurring additional costs by deferring borrowing into future years. • 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. In exercising Investment decisions, the Section 151 Officer will: • Determine that the investment is within the Council's strategy and pre-determined instruments and criteria. • consider the risks to capital and returns and the implications for the Authority's future plans and budgets, including implications of any market-related changes to the value of the capital invested. • consider whether monies can be used in lieu of externally borrowing. • consider the optimum period, in the light of core balances and reserves, cash flow availability and prevailing market conditions. • the credit risk associated with unsecured investments with banks and building societies. consider the alternative investment products and techniques available if appropriate.

Processes to be followed	The processes to be followed will be in keeping with TMP 4: The Council's Approved, Instruments, Methods and Techniques.
Evidence and records to be kept	The Council will maintain a record of all major treasury management decisions, the processes undertaken and the rationale for reaching the decision made. These will allow for an historical assessment of decisions made and verification that any checks and safeguards are indeed in place and operating correctly. Records and working papers will be maintained by the Council electronically and/or in relevant files.
Other	Prior to each of the Authority's LOBO loan call date, the Authority will take a proactive approach and determine the response should the LOBO loan be called and evaluate alternative funding sources for comparable interest rates/maturities. If the Lender exercises the call option (directly or via the broker) for a revision to the terms of the loan, the Authority will thoroughly evaluate the new terms and additionally seek advice from the Authority's advisor. The Authority will exercise caution where the new rate offered by the lender on the LOBO is slightly lower than prevailing PWLB rates. While the rate revision may look "cheaper" than PWLB debt, it only provides protection from further rate rises until the next option date. It is important to remain within the timescale for the Authority to exercise its option should the call be made, but not be rushed into a decision. .

4 TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 ***Principle:*** *The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in* ***TMP1 Risk Management.***

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

The consideration of skills and experience is particularly critical where organisations request to be treated as professional clients under MIFID II. Designation under MIFID II should be endorsed by the treasury management strategy and regularly reviewed to ensure that designation remains appropriate."

4.2 Schedule:

Approved treasury management activities	The Council is permitted to undertake the following activities: ▪ Managing cashflow ▪ Capital financing. ▪ Borrowing including debt restructuring and debt repayment ▪ Lending to third party organisations ▪ Redemption of investments ▪ Banking ▪ Leasing ▪ Managing the underlying risk associated with the Council's capital financing and surplus funds activities. The above list is not finite, and the Council would, from time to time, consider and determine new financial instruments and treasury management techniques; however, the Council will consider carefully whether the officers have the skills and experience to identify and manage the advantages and risks associated with using the instruments/techniques before undertaking them, more so as some risks may not be wholly or immediately transparent.

Approved capital financing methods and types/sources of funding	• long term money market loans including forward starting loans and LOBOs • temporary money market loans (up to 364 days) • bank overdraft • loans from bodies such as the European Investment Bank (EIB) • Stock issues • Deferred Purchase • Government and EU Capital Grants • Lottery monies • Other Capital Grants and Contributions ▪ Private Finance Initiative ▪ Leasing ▪ Hire purchase. ▪ Sale and leaseback The Authority may also use internal resources: • Capital Receipts • Revenue Balances • Reserves <u>Approved sources of long-term and short-term borrowing include</u> • HM Treasury's PWLB lending facility (formerly the Public Works Loans Board) * • National Wealth Fund Ltd (formally UK Infrastructure Bank Ltd) • Any institution approved for investments. • Any other bank or building society authorised to operate in the UK • UK public and private sector pension funds (except [your local] Pension Fund) • UK Municipal Bonds Agency and other special purpose companies created to enable local authority bond issues. • Capital Grant funders offering loans (eg Salix) * HM Treasury has issued guidance regarding PWLB lending which will apply to any loan arranged from 26 November 2020 with a revision published on 23 November 2023 PWLB Guidance for Applicants - changes post DLUHC.docx The level of debt will be consistent with the Treasury Management Strategy and the Prudential Indicators.

Approved treasury investment instruments	The Council will determine through its Annual Investment Strategy (AIS) which instruments it will use, giving priority to the security and liquidity (in that order) of its invested monies. The investments will be categorised as 'Specified' or 'Non Specified' based on the criteria set out by the MHCLG in its Investment Guidance March 2018 (as amended). The Annual Investment Strategy should be approved by full Council. The Council will determine through the AIS which instruments will be used in-house and which will be used by the appointed external fund manager(s) including the maximum exposure for each category of non-specified investments. Where applicable, the Council's credit criteria will also apply. The Council will, where applicable, use the Council's credit criteria. *examples* ▪ Deposits with the UK government, the Debt Management Agency Office (DMO), and UK local authorities ▪ Term deposits with banks and building societies. ▪ Banks and building societies unsecured short-term (call and notice accounts, deposits, certificates of deposit) ▪ Certificates of deposit ▪ Callable deposits ▪ Investments in Money Market Funds, i.e. 'AAA' liquidity funds with a 60-day Weighted Average Maturity (WAM) ▪ Treasury Bills ▪ Gilts ▪ Bonds issued by multilateral development banks. ▪ Sterling denominated bonds by non-UK sovereign governments. ▪ Covered bonds (i.e. those with underlying collateral) ▪ Unsecured corporate bonds ▪ Reverse Repurchase Agreements ('reverse repos') ▪ Investments with Registered Providers of Social Housing (i.e. housing associations) ▪ Commercial paper ▪ Floating Rate Notes The Council will ensure it maintains the skills and experience necessary to evaluate the benefits and control the risks associated with the above investment instruments.

Investments that are not part of treasury management activity	These are investments which the Council invests in other financial assets and property primarily for financial return. Such activity includes loans supporting service outcomes, investments in subsidiaries and the investment property portfolio. The Council ensures that it has the same robust procedures for the consideration of risk and return and • ensures that all investments, including non-treasury investments are covered in the Capital Strategy. • maintains a schedule of existing material investments, subsidiaries, joint ventures, and liabilities including financial guarantees. Contribution: The Authority will disclose in its Annual Investment Strategy and the Capital Strategy the contribution that non-treasury investments make to the overall financial and/or service delivery objectives of the Authority. In this regard, where appropriate the Authority will group individual investments into categories. The Authority has also set an additional Prudential indicator: "Net income from commercial and service investments to net revenue stream". In calculating net income only direct costs such as property management are netted off gross income, not related interest and MRP costs. The Informal Commentary to the 2018 Investment Guidance also recommends that the Authority's Investment Strategy include for existing and planned investments: • quantitative indicators that allow Councillors and the public to assess both the opportunities of the investments as well as the total risk exposure as a result of its investment decisions over both, the payback period and over the repayment period of any debt taken out (the indicators are not mandatory but should be taken as examples); • how investments are funded and the rate of return received. **Proportionality**: Should the Authority become or plans to become dependent on profit generating investment activity to achieve a balanced revenue budget, the Investment Strategy will: • detail the extent to which funding expenditure to meet the service delivery objectives is dependent on achieving the expected net profit [MHCLG suggested indicator "Commercial Income to NSE (net service income) ratio"] • outline the Authority's contingency plans should it fail to achieve the expected net profit. The Informal Commentary to the Investment Guidance also recommends that the Authority set a limit that cannot be exceeded for gross debt compared to net service expenditure.

Use of Derivatives	**Financial derivatives**: The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in this TMP document will count against the counterparty credit limit and the relevant foreign country limit. In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications. Additionally, the use of derivatives is restricted to only those officers who have completed the appropriate training for their use. **Embedded derivatives:** Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.
MiFID II professional client status	The Council has reviewed its classification with financial institutions under MiFID II and has registered as a professional client. The consideration of skills and experience is particularly critical where the Council has requested to be treated as a professional client under MiFID II. Designation under MiFID II will be endorsed by the treasury strategy and reviewed frequently to ensure the designation remains appropriate.
Legal Entity Identifier (LEI)	The Council is registered with the London Stock Exchange as a Local Operating Unit to obtain a Legal Entity Identifier (LEI).

5 TMP 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 ***Principle****: The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.*

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Section 151 Officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule below.

The Section 151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule below.

The delegations to the Section 151 Officer in respect of treasury management are set out in the schedule below. The Section 151 Officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

5.2 Schedule:

See Appendix 1 for Organisation Charts

5.3 Schedule:

Limits to responsibilities at Executive levels	Full Council: receiving and reviewing: • Prudential Indicators (Capital Expenditure, Authorised Limit, Operational Boundary) • Treasury Management Strategy including the Annual Investment Strategy • Capital Financing Strategy • Receiving and reviewing reports on treasury management policies, practices and activities responsibility has been delegated to the Audit and Governance Committee The Cabinet: • approval of amendments to adopted clauses, treasury management policy statement, Treasury Management Strategy and Capital Financing Strategy • budget consideration and approval • receiving and reviewing external audit reports and acting on recommendations has been delegated to the Audit and Governance committee
Principles and practices concerning segregation of duties	The segregation of duties will be determined by the Treasury Management Lead Accountancy Manager. Segregation of duties exists in that: • the officers responsible for negotiating and closing treasury management deals also record the transactions in the cash book and completing bank reconciliations but are separate from the officer(s) who authorise the deals and any payments. • all borrowing/investments decisions must be authorised by the Section 151 officer or other nominated authorised officers (see below), depending on authorisation levels.

Statement of duties/ responsibilities of each treasury post Including absence cover arrangements	The Section 151 Officer • Submit budgets and budget variations in accordance with Financial Regulations and guidance. • Recommend clauses, treasury management policy / practices for approval, reviewing the same on a regular basis, and monitoring compliance. • Determine Prudential Indicators and Treasury Management Strategy including the Annual Investment Strategy. • In setting the prudential indicators, be responsible for ensuring that all matters are considered and reported to the Council so as to ensure the Council's financial plans are affordable, prudent and sustainable in the long term. • Establish a measurement and reporting process that highlights significant variations from expectations. • Submit regular treasury management reports as required to the Audit and Governance Committee. • Receiving and reviewing management information reports. • Review the performance of the treasury management function and promote best value reviews. • Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function. • Ensure the adequacy of internal audit and liaising with external audit. • Recommend on appointment of external service providers in accordance with council standing orders. • Provide regular updates to relevant Cabinet Members. • Delegated authority to approve loans over 1 year and investments up to 10 years. • Delegated authority to approve loan repayments/rescheduling. • The Section 151 Officer may delegate his power to borrow and invest to the Head of Finance, Lead Accountancy Manager, Lead Accountant and Service Accountants as appropriate.

	Head of Finance • The responsibilities of this post will include covering the full responsibilities of the Section 151 Officer in their absence. • Delegated authority to approve loans over 1 year and investments up to 50 years. • Delegated authority to approve loan repayments/rescheduling. • Submit budgets and budget variations in accordance with Financial Regulations and guidance. • Establish a measurement and reporting process that highlights significant variations from expectations. Lead Accountancy Manager • Prepare draft Treasury Management Policy, Treasury Management strategy and investment strategy, mid-year and annual Treasury Management report and Treasury Management Practices. • Recommend early repayment of debt over one year and subject to the approval of the Section 151 Officer, or the Head of Finance arrange the repayment of these loans. • Prepare budget for capital financing including all treasury management loan and investment activities including MTFS. • Submitting management information reports to the Treasury Management Board, Section 151 Officer and Head of Finance. Lead Accountancy Manager and Lead Accountant • To provide cover in the absence of the Service Accountants cover the full responsibilities of this post. • Maintaining relationships with third parties and external service providers and reviewing their performance. • Adherence to agreed policies and practices on a day-to-day basis. • Identifying and recommending opportunities for improved practices. • Authority to borrow for periods up to 1 year and lending up to 3 months. Lending more than 3 months subject to the agreement of the Section 151 Officer or Head of Finance. • Following approval by the Section 151 Officer undertake all borrowing over 1 year and deposits/investments up to 10-year maturity. • Make recommendations on all lending up to 10 years and borrowing over 1 year maturity. • Updating the Treasury Management Board with information on credit ratings, share prices, economic and press news impacting on the credit quality of the Council's deposits. Service Accountant • Negotiates and closes treasury management deals and records the transaction and payments obtaining authorisation as described above. • Carrying out the execution of transactions • Monitoring performance on a day-to-day basis. • Identifying and recommending opportunities for improved practices. • Using the counterparties list provided by the Council's Treasury Management advisers. • Maintaining the Council's cash flow forecast ensuring funds are available to meet the Council's financial commitments. Cover is reviewed at least every 12 months, or as necessary. Full procedure notes are available, detailing the processes required to enable the day-to-day operation of the treasury management function.

Absence cover arrangements	Cover in the absence of the relevant treasury management officer is provided by (depending on authorisation levels): Head of Finance Lead Accountancy Manager Lead Accountant Service Accountant
Description of the relationships between the chief finance officer, the monitoring officer and the head of paid service.	The Council's Section 151 Officer (Chief Finance Officer) is being undertaken by the Service Director for Finance who reports to the Chief Executive. The Head of Legal Services (Monitoring Officer) reports to the Chief Executive. Both posts are statutory Chief Officers and form part of the Councils Management Team.

5.4 Dealing

Authorised officers	Responsible officer for borrowing/investment decisions:
	
	Borrowing activity:
	• Section 151 Officer
	• Head of Finance
	• Lead Accountancy Manager
	Lending activity:
	• Section 151 Officer
	• Head of Finance
	• Lead Accountancy Manager
	
	Authorising payments for borrowing/lending
	• Overnight;
	  o Service Accountant
	• Under 1 year
	  o Lead Accountancy Manager
	• Over 1 year
	  o Section 151 Officer
	  o Head of Finance
	Transaction recording:
	• Lead Accountant
	• Service Accountant

Dealing limits	Internally Managed Investments: • Deposits up to 3 months with unlimited value with the Debt Management Office or Money Market Funds, £20m with a Local Government organisation or £20m with an approved bank or building society subject to the limits detailed in the Council's Annual Treasury Management Strategy and the approved lending list.

PWLB lending facility – terms and conditions	The lending arrangements for PWLB loans are provided by HM Treasury. PWLB Guidance for Applicants - changes post DLUHC.docx HM Treasury has issued new guidance regarding PWLB lending which applies to any loan arranged from 26 November 2020. This guidance was updated on 23 November 2023. PWLB Guidance for Applicants - changes post DLUHC.docx The current terms and application process are in Operational Circular 163, applicable to loans arranged from 21/10/21. 20210721_DMO_Operational circular 163_Aug21.docx a. Applications are completed using the PWLB's electronic template. In addition to loan details, the form includes qualifying questions to be submitted during the PWLB's operational hours (0930-1615). b. A Loan Conditional Confirmation letter is received. The loan application is subject to a review by HM Treasury. If no queries/objections are raised by trade date + 4, the loan advance is made on trade date + 5. Any changes to PWLB terms as documented in subsequent circulars will be communicated to all officers in the Treasury Management Finance Team.
PWLB authorised dealers	Dealers authorised to transact with the PWLB are: • David Northey Section 151 Officer • Helen Slater Head of Finance • Kerry Malton Lead Accountancy Manager • Wendy Eldridge Lead Accountancy Manager • Carolyn Haynes Lead Accountancy Manager A complete list of officers authorised to transact with the PWLB, and any amendment thereto, is provided to the PWLB using the authorisation amendment form available on the website.
Dealing platforms / portals	iDealTrade and Money Market Fund portals used by the Council
List of approved brokers	Brokers used by the Council are named in TMP 11: External Service Providers
Policy on brokers' services	It is the Council's policy to utilise the services between at least three brokers. The Council will maintain a spread of business between them in order to avoid relying on the services of any one broker.
Policy on taping of conversations	Conversations with brokers are taped by the brokers, but not by the Council.
Direct dealing practices	Direct dealing is carried out with institutions and with externally managed pooled funds identified in the Operational Schedule subject to counterparty and maturity limits and dealing limits. Prior to undertaking direct dealing, the Council will ensure that each counterparty / fund has been provided with the Council's list of authorised dealers and the Council's Standard Settlement Procedures.

Inter-authority dealing	The Council also deals with other local government authorities to invest and borrow funds for treasury management purposes. In addition to transactions conducted through brokers, deals are conducted direct with other authorities and also via the iDealTrade execution-only dealing platform. A record of all deals, together with their specific terms, will be maintained by the Council.
Deal Ticket pro-forma	Deals will be recorded as per the deal ticket pro-forma (pro-forma maintained at operational level)
Settlement transmission procedures	• settlements are made by CHAPS. • all CHAPS payments relating to settlement transactions requires 1 signature by Lead Accountant or Service Accountant. • all CHAPS payments relating to settlement transactions require authorisation by a Lead Accountancy Manager or Head of Planning and Reporting • the details are transmitted online to the Council's bankers.
Documentation requirements	For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payments date(s), broker. Investments • deal ticket authorising the investment • confirmation from the broker • confirmation from the counterparty • Contract notes for purchase and sale of shares/units in pooled funds from the fund's manager/administrator • Chaps payment transmission document Loans: • deal ticket with signature to agree loan • confirmation from the broker • confirmation from PWLB/market counterparty • Chaps payment transmission document for repayment of loan.
Arrangements concerning the management of counterparty funds	• The Treasury Management Lead Accountancy Manager has responsibility for updating the Council's records with any credit developments. • The Treasury Management Lead Accountancy Manager is tasked with the responsibility for checking that records have been correctly updated to reflect any credit developments.

6 TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 ***Principle****: The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.*

As a minimum, the Council and Audit and Governance Committee will receive:

- An annual report on the Treasury Management Strategy and plan to be pursued in the coming year
- A mid-year review

- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The Strategic Treasury Management Board will receive regular monitoring reports on treasury management activities and risks.

The Audit and Governance Committee will have responsibility for the scrutiny of treasury management policies and practices.

The present arrangements and the form of these reports are outlined below.

6.2 Schedule:

<table>
<tr><td>Clauses to be adopted as part of the Authority's Standing Orders

Treasury Management Policy Statement</td><td>The recommended clauses to be adopted as part of the Authority's standing orders, financial regulations or other formal policy documents is in Section 5 of the 2021 Treasury Management Code.

The Treasury Management Policy Statement is a short document defines the policies and objectives of the Authority's treasury management activities.

The recommended text for adoption is provided by CIPFA in Section 6 of the 2021 Treasury Management Code.

The Treasury Management Policy Statement is adopted by Full Council</td></tr>
<tr><td>Prudential Indicators</td><td>The Authority will cover the Prudential Indicators in its annual strategy documents determined before the beginning of each financial year:
<table>
<tr><td><u>Capital Strategy</u>
• Estimates of Capital expenditure
• Capital Pipeline forecast
• Estimates of Capital financing requirement (CFR)
• Gross debt and the CFR
• Authorised Limit and Operational Boundary for External Debt
• Proportion of financing costs to net revenue stream (Local Indicator)</td><td><u>Treasury Management Strategy</u>
• Liability benchmark
• Maturity structure of borrowing
• Long-term treasury management investments
• Interest rate exposures
• Proportion of financing costs to net revenue stream (Prudential Indicator)
• Net income from commercial and service investments to net revenue stream (note here that only direct costs such as property management can be netted off gross income, not related interest and MRP costs)</td></tr>
</table>
The 2021 Prudential Code Guidance Notes cover indicators for Affordability and Prudence. The 2021 Treasury Management Code Guidance Notes cover treasury indicators. CIPFA's definitions are cross-referenced to the respective Codes.

Prudential indicators will be reported to quarterly.</td></tr>
</table>

Capital Strategy:	This document, approved by Full Council annually before the start of each financial year, gives a high-level overview of (i) how capital expenditure, capital financing and treasury management activity contribute to the provision of services, (ii) management of the associated risk is managed and (iii) implications for future financial sustainability. The Capital Strategy should include: • Capital expenditure, including the approval process, long-term financing strategy, asset management, maintenance requirements, planned disposals and funding restrictions. • Commercial activities, including due diligence processes, the Council's risk appetite, proportionality in respect of overall resources, requirements for independent and expert advice and scrutiny arrangements. • Long-term context in which capital expenditure decisions are made for the above, risk and reward considerations and impact on the achievement of priority outcomes. • Debt management, including projections for the level of borrowing, capital financing requirement and liability benchmark, provision for the repayment of debt, the authorised limit and operational boundary for the coming year and the Council's approach to treasury management. • Other long-term liabilities, such as financial guarantees. • Knowledge and skills, including a summary of that available to the Council and its link to the Council's risk appetite. The strategy should include sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured and to meet legislative requirements on reporting. The Section 151 Officer will report explicitly on the affordability and risk associated with the Capital Strategy and, where appropriate, have access to specialised advice to enable the members to reach their conclusions. The Section 151 Officer will also ensure that where detailed information is required, this will be made available in a format to encourage active engagement and, if necessary, any associated training needs of members.
Frequency of executive reporting requirements	The Section 151 Officer will annually submit budgets and will report on budget variations as appropriate. The Section 151 Officer will submit the Prudential Indicators as part of the Treasury Management Strategy and to report on the projected borrowing and investment strategy and activities for the forthcoming financial year to the Council before the start of the year. The Annual Treasury Report will be prepared as soon as practicable after the financial year end and, in all cases, before the end of September. A Mid-Year Treasury Report will be prepared by the Section 151 Officer, which will report on treasury management activities for the first part of the financial year. The report will also provide a forecast for the current year. The Mid-Year Report will be submitted to Audit and Governance Committee during the year.

Content of Reporting: Prudential Indicators	The Council will set the following Prudential Indicators, revise if necessary, and in its annual / semi-annual reports publish 44actual outturn (where appropriate) in respect of: ▪ Financing costs as a proportion of net revenue stream (estimate; actual) ▪ Capital expenditure (estimate; actual) ▪ Capital Financing Requirement (estimates; actual) ▪ Authorised limit for external debt ▪ Operational boundary for external debt ▪ Forecast external debt Treasury indicators ▪ Upper and lower limits to maturity structure of fixed rate borrowing ▪ Upper limit to total of principal sums invested longer than 364 days. The Prudential Indicators are approved and revised by Council and are integrated into the Council's overall financial planning and budget process. The 2021 Prudential Code Guidance Notes cover indicators for Affordability and Prudence. The 2021 Treasury Management Code Guidance Notes cover treasury indicators. CIPFA's definitions are cross-referenced to the respective Codes. The Audit and Governance Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.
Treasury Strategy Statement including the Annual Investment Strategy	This document, approved by Full Council <u>annually before the start of each financial year</u>, covers External Context: economic background; credit outlook; interest rate forecast Local context: - Balance sheet summary and forecast and an explanation of the movements - Liability benchmark - The existing investment and debt portfolio position - The Authority's borrowing strategy; approved sources of borrowing and other sources of debt finance; *(if applicable)* LOBOs - The Authority's Treasury investment strategy, ESG policy for investments, approved investment instruments, counterparties and time/monetary limits; minimum credit ratings (where applicable) and risk assessment; - Treasury management prudential indicators - Related matters -e.g. use of financial derivatives - MiFID II status - Financial implications of the strategy

Investment Strategy	This strategy covers the requirements of the 2018 MHCLG (now DLUHC) Investment Guidance, including the investment indicators. It covers:
	- Treasury management investments
	- Service investments (.e.g. loans to or shares in subsidiaries / suppliers / local businesses / local charities / housing associations / local residents / employees] and their contribution; limits; risk assessment
	- Commercial investments - property (MHCLG defines property to be an investment if it is held primarily or partially to generate a profit), its contribution towards the service delivery objectives and/or place making role of the Authority; risk and security assessments;
	- Loan commitments and financial guarantees
	- Proportionality - the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan.
	- Borrowing in advance of need (if relevant)
	- Capacity, Skills and Culture of elected members and statutory officers involved in the investments decision making process
	- Investment indicators
	  o Total investment exposure
	  o Investments funded by borrowing
	  o Investment Rate of Return (net of all costs)
	  o Other indicators such as: Debt to net service expenditure ratio; Commercial income to net service expenditure ratio

3. Annual Treasury Outturn Report	The Section 151 Officer will produce an annual report for the Audit and Governance Committee on all activities of the treasury management function (including the performance of investment groups) as soon as practicable after year end and in all cases no later than 30 September of the succeeding financial year. The main contents of the report will comprise: ▪ confirmation that the Council calculated its budget requirements and set a balanced budget for the Financial Year; ▪ the prevailing economic environment ▪ a commentary on treasury operations for the year, including their revenue effects; ▪ commentary on the risk implications of treasury activities undertaken and the future impact on treasury activities of the Council ▪ compliance with agreed policies/practices and statutory/regulatory requirements ▪ compliance with Prudential Indicators; ▪ performance measures. ▪ training /continuous professional development undertaken by treasury officers. The Audit and Governance Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.

4. Mid-Year Treasury Report	The Section 151 Officer will produce a mid-year report for Council on the borrowing and investment activities of the treasury management function for the first six months of the financial year. The main contents of the report will comprise: • the prevailing economic and credit environment • economic forecast (including interest rates forecast) • a commentary on treasury operations (borrowing and investments) for the period, including their revenue effects • commentary on the risk implications of treasury activities undertaken and the overall impact on the treasury portfolio • any future implications for the treasury portfolio • compliance with agreed policies/practices and statutory/regulatory requirements • performance measurement • training /continuous professional development undertaken by treasury officers The Audit and Governance Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.
Content and frequency of management information reports	The Lead Accountancy Manager for Treasury Management provides information of the council's Treasury Management activities in a dashboard report and also through Key Performance Indicators report to senior management. This reports includes details of: • borrowing and investment activity undertaken • performance of internal and external investments • cash flow monitoring • average interest rates for borrowing and investments • any other, e.g. details of daily bank balances against target balances The Lead Accountancy Manager for Treasury Management provides information of the Council's Treasury Management activities to the Council's advisors who provide full report to the Treasury Management Board 3-4 times a year.

7 TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 ***Principle:*** *The Section 151 Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with* ***TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.*** *The form which the Council's budget will take is set out in the schedule below.*

The Section 151 Officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with ***TMP6 Reporting requirements and management information arrangements.***

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of the Council's accounts is set out in the schedule.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed below.

7.2 Schedule:

Statutory/regulatory requirements	***Balanced Budget Requirement***: The provisions of S32 and S43 of the Local Government Finance Act 1992 require this Council to calculate its budget requirement for each financial year including, among other aspects:, (a) the expenditure which is estimated to be incurred in the year in performing its functions and which will be charged to a revenue account and (b) revenue costs which flow from capital financing decisions. S33 of the Act requires the Council to set a council tax sufficient to meet expenditure after taking into account other sources of income.
Accounting practices and standards	• The Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2024 • The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003(as amended through SI 2025/422) • MHCLG Capital finance: guidance on minimum revenue provision (5th edition) - GOV.UKCIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK (2026/27 Edition) • Relevant CIPFA Bulletins • IFRS 7 Financial Instruments: Disclosures • IFRS 9 Financial Instruments • IAS 23 Borrowing Costs • IAS 32 Financial Instruments: Presentation • IPSAS 28 Financial Instruments: Presentation • IPSAS 30 Financial Instruments: Disclosures • IPSAS 41 Financial Instruments
Financial Statements	• The Financial Statements comprise: • A Narrative Report • Responsibilities for the Statement of Accounts • Annual Governance Statement • Comprehensive Income and Expenditure Statement (Group and Authority) • Movement in Reserves Statement • Balance Sheet (Group and Authority) • Cash Flow Statement (Group and Authority) • Notes to the Financial Statements • Collection Fund • Remuneration Report • Glossary and abbreviations

Format of the Council's accounts	The current form of the Council's accounts is available online at www.plymouth.gov.uk/aboutcouncil/councilfinancesandaccounts/statementaccounts
Disclosures relating to treasury management	Notes to the annual Statement of Accounts include: • Financial Instruments – Financial Assets, Financial Liabilities; Income, Expense, Gains and Losses on Financial Instruments • Fair Value of Financial Assets and Liabilities • Nature and Extent of Risks arising from Financial Instruments: Credit Risk, Liquidity Risk, Refinancing and Maturity Risk, Market Risks (Interest rate risk, Price risk and Exchange Rate Risk) The Authority will exercise judgement on the level of detail to be disclosed about particular financial instruments, taking into account the relative significance of those instruments. So that the information is comprehensible, material information should not be obscured by immaterial information or by aggregating material items that have different natures or functions.

Treasury-related information requirements of external auditors	The following information is specifically requested by the external auditor and should be considered an initial request for information. It is usually followed by more detailed audit testing work which often requires further information and/or explanations from the Council's officers.
	
	Information is this context includes internally generated documents including those from the Council's Treasury Management System, externally generated documents, observation of treasury management practices which support and explain the operation and activities of the treasury management function.
	
	▪ Determination of Affordable Borrowing Limit under Section 3 of the Local Government Act 2003.
	▪ Prudential Indicators.
	▪ Treasury Management Strategy including Annual Investment Strategy.
	
	<u>External borrowing</u>:
	• New loans borrowed during the year : PWLB certificates / documentation in relation to market loans borrowed (including copy of agreements, schedule of commitments)
	• Loan maturities.
	• Compliance with proper accounting practice, regulations and determinations for the amortisation of premiums and discounts arising on loans restructured during the year and previous years.
	• Analysis of loans outstanding at year end including maturity analysis.
	• Analysis of borrowing between long- and short-term
	• Debt management and financing costs
	  ▪ calculation of (i) interest paid (ii) accrued interest
	  ▪ interest paid
	• MRP calculation and analysis of movement in the CFR.
	• Bank overdraft position.
	• Brokerage/commissions/transaction related costs.

	Investments: • Investment transactions during the year including any transaction-related costs • cash and bank balances at year end • short-term investments at year end • long-term investments at year end (including investments in associates and joint ventures) by asset type, including unrealised gains or losses at year end • calculation of (i) interest received (ii) accrued interest • actual interest received • external fund manager valuations including investment income schedule and movement in capital values, transaction confirmations received (if any) • basis of valuation of investments • evidence of existence and title to investments (e.g. Custodian's Reports. • schedule of any investments in companies together with their latest financial statements); statement of transactions between the company and the Council.
	Cash Flow ▪ Reconciliation of the movement in cash to the movement in net debt ▪ Cash inflows and outflows (in respect of long-term financing) ▪ Cash inflows and outflows (in respect of purchase/sale of long-term investments) ▪ Net increase/decrease in (i) short-term loans (ii) short-term deposits (iii) other liquid resources Other ▪ Amounts which are held on behalf of schools, amounts which are held by schools under delegated schemes ▪ Details of (treasury-related) material events after balance sheet date not reflected in the financial statements. ▪ External advisors'/consultants' charges
Internal Audit	Internal Audit conducts a review of the treasury management function and probity testing on an annual basis. The internal auditors will be given access to treasury management information/documentation as required by them.
Compliance with CIPFA Treasury Management and Prudential Codes	Auditors may require evidence/demonstration of compliance with external and internal treasury management policies and strategy. Any serious breach of the TM Code's recommendations or Prudential Indicators should be brought to the attention of the external auditor.
Costs for treasury management	The budget for treasury management forms part of the Finance budget.

8 TMP 8: CASH AND CASH FLOW MANAGEMENT

8.1 ***Principle****: Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Section 151 Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Section 151 Officer will ensure that these are adequate for the purposes of monitoring compliance with* ***TMP1 [2] liquidity risk management****,* and for the purpose of identifying future borrowing needs (using a liability benchmark where appropriate). *The present arrangements for preparing cash flow projections and their form are set out in the schedule below.*

8.2 Schedule:

Arrangements for preparing /submitting cash flow statements	Cash flow forecasts will be viewed over one time horizons and will be used to formulate the Council's borrowing and investment strategy by identifying periods of surplus or shortfall of cash balances. The cash flow forecasts and statements are held at operational level. The accuracy and effectiveness of the Council's cash flows are dependent on the accuracy of estimating expenditure, income and their corresponding time periods. An **outline medium-term cash flow** model is prepared as part of the MTFP budget process, with projections for 2 further years. It is highly summarised and looks mainly at cash flows arising from the capital programme, the in-year capital financing requirement, scheduled loan repayments and long-term investment maturities, and anticipated movements in reserves. A **detailed annual cash flow** is prepared for the financial year once the budget for the ensuing year has been agreed, which is monitored and updated on a monthly basis. It identifies the major inflows and outflows on a month by month basis. It is prepared using the agreed revenue budget and capital programme for the financial year and based on the knowledge obtained from the Council's various service sections incurring the expenditure /receiving the income and can be supplemented by the experience from previous years. **Daily cash flows** show forecast and planned movements of cash on a daily basis, including the matching of known inflows and payments. This is recorded in the excel cashflow document.
Liability Benchmark (LB)	The LB helps establish whether the Authority is likely to be a long-term borrower or long-term investor in the future and represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level to manage day-to-day cash flow. The LB will be updated regularly through the year by the Authority with developments and/or timing changes in the capital programme as well as changes to balance sheet resources. ***Please see TMP 5 for more information on its use.***

Content and frequency of cash flow projections	The detailed annual cash flow model includes the following: • revenue income and expenditure based on the budget. • profiled capital income and expenditure as per the capital programme. **Revenue activities**: <u>Inflows</u>: ▪ Revenue Support Grant ▪ Precepts received ▪ Non domestic rates receipts ▪ NDR receipts from national pool ▪ Council tax receipts ▪ DSS / other government grants ▪ Cash for goods and services ▪ Other operating cash receipts <u>Outflows</u>: ▪ Salaries and payments on behalf of employees ▪ Operating cash payments ▪ Housing Benefit paid ▪ Precepts paid ▪ NDR payments to national pool ▪ Payments to the capital receipts pool **Capital activities including financing** <u>Inflows</u>: ▪ Capital grants received ▪ Sale of fixed assets ▪ Other capital cash receipts <u>Outflows</u>: ▪ Purchase of fixed assets ▪ Purchase of long-term investments ▪ Other capital cash payments **Financing, Servicing of Finance/Returns on Investments** <u>Inflows:</u> ▪ New long-term loans raised ▪ New short-term loans raised ▪ Interest received ▪ Discount on premature repayment of loan <u>Outflows</u>: ▪ Loan repayments ▪ Premium on premature repayment of loan ▪ Short-term investments ▪ Capital element of finance lease rental payments ▪ Interest paid ▪ Interest element of finance lease rental payments

Monitoring, frequency of cash flow updates	The annual cash flow statement is updated monthly with the actual cash inflows and outflows after taking account of any revisions including those relating to grant income and capital expenditure and will be reconciled with: • net RSG and NDR payments as notified; • actual salaries and other employee costs paid from account bank statements; • actual payments to Inland Revenue from general account bank statements; • actual council tax received; • actual housing benefit; • actual capital programme expenditure and receipts.
Bank statements procedures	The Council receives online bank statements uploaded on a daily basis. These are posted independent of the treasury function and are reconciled to the general ledger on a monthly basis.
Payment scheduling	The Council has a policy of paying suppliers in line with agreed terms of trade and the following service standards: • Small and medium enterprises (SME's – business employing up to 250 people) to be paid within 15 days of receipt of invoice. • All other creditors to be paid within 30 days of receipt of invoice.
Monitoring debtor/ creditor levels	Debtor levels are monitored by a monthly Sundry Debtors Monitoring Report which will include an analysis of debt by age and details and details of recovery status. The level of Creditor invoices being processed / remaining unpaid is monitored on a daily basis by the Transaction Centre. A report is produced within three days of the BACS run with details all BACS and cheque payments for the next day in advance and recorded in the cashflow spreadsheet.
Banking of funds	Instructions for the banking of income are set out in the Financial Regulations. Cash and cheques received in the cashiers section are banked weekly. All the Council's sections are advised of the requirement to bank on a regular basis in order to comply with recommended best practice and also remain within the particular insurance limits for the Council's premises.
Listing of sources of information	The treasury function receives cash flow information from the following persons/departments:

Type of Information	Source
Capital Spend and Receipts	Capital Accounting Team
Government Grants	Logasnet
Payroll	Delt Services
Debtors and Creditors	Transaction Centre
Loans and Deposits	Treasury Management Team
Other income and payments	Finance colleagues

Practices concerning prepayments to obtain benefits	The following practices concerning prepayments are followed to obtain benefits: All prepayments must be authorised by the approved signatory in the respective department.

9 TMP 9: MONEY LAUNDERING

9.1 Background: The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering are:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention use or control of criminal property
- Acquiring, using or possessing criminal property.

Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

9.2 ***Principle****: The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff members involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule below.*

9.3 Schedule:

Anti money laundering policy	This Council's policy is to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. The Council has accepted responsibility to ensure that those of its staff who are most likely to be exposed to money laundering can make themselves fully aware of the law and, where necessary, are suitably trained.
Main offences relating to money laundering	The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are: • concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland • being concerned in an arrangement that a person knows or suspects facilitates the acquisition, retention, use or control of criminal property • acquiring, using or possessing criminal property. These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money laundering activity in the UK risks a criminal conviction. Other offences include: • failure to disclose money laundering offences • tipping off a suspect, either directly or indirectly • doing something that might prejudice an investigation – for example, falsifying a document. The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

Treasury documentation	The Council will reflect the anti-money laundering measures it has in place as part of its treasury documentation. Such measures include: – Awareness of what constitutes money laundering; – The obligation to report knowledge of/having reasonable grounds to believe an offence might be committed; – Maintaining up-to-date direct dealing and SSI mandates with counterparties
Nomination of Responsible Officer(s)	(a) The Council has nominated the Section 151 Officer to be the responsible officer(s) to whom any suspicions relating to transactions involving the Council will be communicated. (b) The Section 151 Officer will be conversant with the requirements of the Proceeds of Crime Act 2002 and will ensure relevant staff are appropriately trained and informed so they are alert for suspicious transactions. (c) The Section 151 Officer will make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make internal enquiries and to make reports, where necessary, to National Criminal Intelligence Services (NCIS).
Procedures for establishing the Identity of Lenders and Borrowers	(a) In the course of its treasury activities, the Council will only borrow from permitted sources identified in TMP 4. (b) The Council will not accept loans from individuals. (c) In the course of its treasury activities, the Council will only invest with those counterparties which are on its approved lending list. (d) The identity and authenticity of commercial institutions (banks, building societies and other financial institutions) authorised to carry out borrowing and lending activity in the UK will be checked via the Bank of England/Prudential Regulation Authority's website https://www.bankofengland.co.uk/prudential-regulation/authorisations/which-firms-does-the-pra-regulate (e) All receipts/disbursements of funds will be undertaken by BACS or CHAPS settlement. (f) Direct Dealing mandates: The Council will provide (in the case of lending) / obtain (in the case of borrowing) and maintain on file dealing mandates with any new money market counterparty. The mandates should be on letter-headed paper, dated and signed. (g) All banking transactions will only be undertaken by the personnel authorised to operate the Council's banks accounts. (h) If the Council takes/provides loans from individuals, it will establish robust procedures for verifying and recording the appropriate financial and personal information of such individuals. (i) When receiving requests for change of payment details, due care will be exercised to ascertain the bona fide of the request and avoid potential fraud. Additional checks will be made through pre-existing contact details for the payee before altering payment details.

10 TMP 10: TRAINING AND QUALIFICATIONS

10.1 ***Principle:*** *The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Section 151 Officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.*

The Section 151 Officer will ensure that council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule below.

10.2 Schedule:

Qualifications/ experience for treasury staff	Part or fully qualified or training towards qualification of one of the accepted accountancy bodies, i.e. CIPFA, ACA, ACCA, CIMA. Member of the Association of Accounting Technicians (AAT) part or fully qualified. Attend treasury training as provided by our Treasury Advisors, CIPFA and the auditors.
Details of approved training courses	The courses/events the Council would expect its treasury personnel to consider are: ▪ Training courses for Accounting, Auditing, Best Value/Competition, Budgeting, Capital Finance & Borrowing, or Financial Management. ▪ Any courses/seminars run by Treasury Management advisors. ▪ Attending CIPFA seminars and workshops. ▪ Attend external auditors training ▪ Training attended by those responsible for scrutiny of the treasury function The Council participates in CIPFA training and workshops for CPD development purposes.
Records of training received by treasury staff	Treasury-related training records are maintained by the Lead Accountancy Manager for Treasury Management.
Training received by those charged with governance	Training on Treasury Management should be provided for those people/committees responsible for governance of treasury management.

11 TMP 11: USE OF EXTERNAL SERVICE PROVIDERS

11.1 ***Principle:*** *The Council recognises that responsibility for the treasury management decisions remains with the organisation at all times. It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer, and details of the current arrangements are set out in the schedule below.*

11.2 Schedule:

Contract threshold	The Council's Financial Regulations require that a formal contract is in place with external service providers where the contract value is £200k and above. The contract will clearly state the services to be provided and the terms on which they will be provided.
Details of service providers and procedures and frequency for tendering services	(a) Bankers to the Council Barclays Bank 3 Bedford Street Exeter EX1 1LX Tel: 0330 1560 008 Contract period: New contract commences 1 April 2026 (b) Treasury advisor Arlingclose Limited 217 Strand, London, WC2R 1AT Tel: 08448 808 200 Contract period: New contract commences 1 April 2026 to 31 March 2027.

Details of service providers and procedures and frequency for tendering services (cont'd)	(c) Brokers: It is considered good practice for the Council to have at least two brokers and to spread business between them. Tullett Prebon Limited 135 Bishopsgate, London, EC2M 3TP Tel: 020 7200 7042 King & Shaxson 155 Fenchurch Street, London, EC3M 6AL Tel: 020 7426 5950 Tradition (UK), Beaufort House, 15 St. Botolph Street, London, EC3A 7QX Tel: 020 7422 3566 Martin Brokers (UK) Plc, 1 Snowden Street, London, EC2A 2DQ Tel: 020 7894 8698 BGC Brokers 5 Churchill Place, London, E14 5RD Tel: 020 7894 7742 Imperial Treasury Services 5 Port Hill, Hertford, SG14 1PJ Tel: 01992 945550 Arlingclose Limited 217 Strand, London, WC2R 1AT Tel: 08448 808 200
Regulatory status of services provided	All financial services providers are regulated by the Financial Conduct Authority (FCA).
Details of service provided by Treasury Advisor	The Council will seek to take expert advice on interest rate forecasts, annual treasury management strategy, debt rescheduling and use of various borrowing and investment instruments. The responsibility for borrowing, investments and risk management remains with the Council
Bribery Act	The Council is mindful of the requirements of the Bribery Act 2011 in its dealings with external providers

12 TMP 12: CORPORATE GOVERNANCE

12.1 *Principle: The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.*

The Council has adopted and has implemented the key principles of the Treasury Management Code of Practice. This, together with the other arrangements detailed in the schedule below, are considered vital to the achievement of proper corporate governance in treasury management, and the Section 151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

12.2 Schedule:

Stewardship responsibilities	The S151 Officer ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the treasury management function.
List of documents to be made available for public inspection.	The following documents are freely available for public inspection: ▪ Annual Statement of Accounts ▪ Council's Annual Budget ▪ 5 Year Capital Budget ▪ Treasury Management Strategy ▪ Annual Investment Strategy (which will include treasury and non-treasury investments) ▪ Minimum Revenue Provision policy ▪ Capital Strategy ▪ Budget Monitoring Reports ▪ Annual and Mid-Year Treasury Report
Council's website.	Financial information is additionally available on the Council's website.
Procedures for consultation with stakeholders.	Members and senior officers of the Council are consulted via reports to the Audit and Governance Committee and officer/member briefing sessions.

TMP 13: INVESTMENTS THAT ARE NOT PART OF TREASURY MANAGEMENT ACTIVITY

13.1 The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all the organisation's investments are covered in the capital strategy, investment strategy and will set out, where relevant, the Council's risk appetite and specific policies and arrangements for non-treasury investments. It is recognised that the risk appetite for these activities may differ from that for treasury management.

The Council will maintain a schedule setting out a summary of existing material investment, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

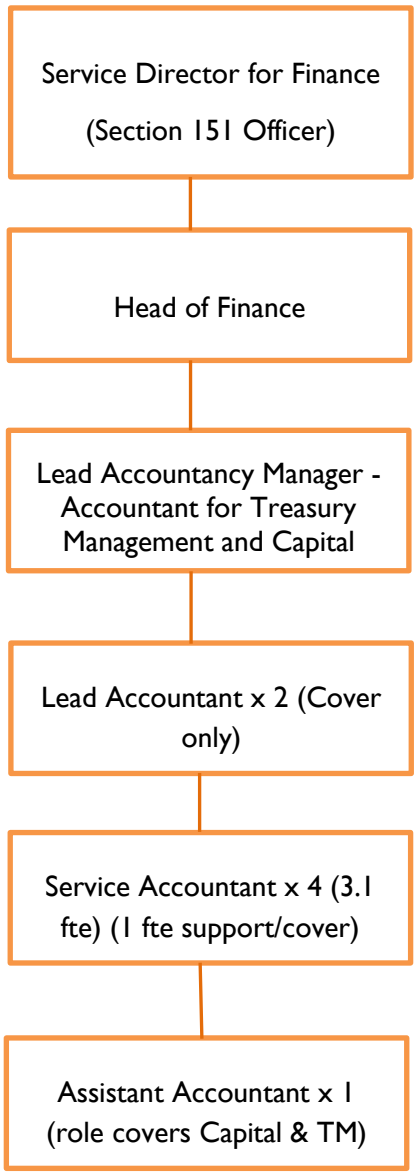
The Council recognises that many of the principles underlying TMPs 1 to 12 will apply to non-treasury investments as they do to treasury investments. However, some aspects are likely to differ significantly, and these are laid out below. A published schedule has been agreed by Council that sets out the investment practices for non-treasury investments and this will be complied with by all officers or agencies responsible for such investments.

13.2 Schedule

Register of non-treasury investments and financial guarantees	The Council will regularly updated a list of non-treasury investments, existing material investment, subsidiaries, joint ventures and liabilities and financial guarantees. An outline of such investments is in the Council's Capital Strategy.
Due diligence process	In carrying out due diligence, potential project risks are identified and relevant mitigation measures documented prior to approval. All risks are then managed in line with the Council's risk management policy which includes documenting risks on a risk register, assigning owners, regular review of risks and Red Amber Green (RAG) rating. A diversified income-expiry profile will ensure that the funds income return is robust across a number of scenarios. Verification of purchase prices by external suitably qualified RICS Approved Valuers is obtained prior to any investment.
Schedules to be maintained	The published schedule is agreed by full Council and sets out the organisation's investment management practices for non-treasury investments. Details are set out in the Council's capital strategy and will cover the following areas: • Risk management • Decision making, governance and organisation • Reporting and management information • Performance measurement and management • Training and qualifications.
Risk Management	Follow TMP1 and schedules as detailed previously, including investment and risk management criteria for any material non-treasury investment portfolios. Due diligence processes and procedures are undertaken to reflect the additional risk the Council is taking on.
Independent and expert advice	Independent expert advice is sought for property purchases as part of the due diligence.
Decision making, governance and organisation	The Financial Regulations detail how capital projects are approved and added into the capital programme. For non-treasury investments the appropriate professional due diligence is carried out to support the decision making.
Training and qualifications	Relevant knowledge and skills in relation to non-treasury investments will be arranged and maintained

Appendix 1

Organisation Chart for Treasury Management Function (FTE) subject to restructure in 2026/27



Audit and Governance Committee

Date of meeting:	10 March 2026
Title of Report:	**Internal Audit Charter 2026**
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	Louise Clapton, Audit Manager
Contact Email:	Louise.clapton@plymouth.gov.uk
Your Reference:	AUD/LC
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The Global Internal Audit Standards (GIAS) became mandatory for all UK public bodies from 1 April 2025, supported by the CIPFA UK Public Sector Application Note. One of the key requirements of these standards is that every organisation must formally define the purpose, authority, mandate, independence and responsibilities of its Internal Audit function through an approved Internal Audit Charter and Strategy.

The attached Internal Audit Charter 2026 has been updated to ensure:

- Full alignment with the GIAS mandatory requirements and Topical Requirements.
- Incorporation of statutory expectations under the Accounts and Audit Regulations 2015 (amended 2024).
- Explicit recognition of Internal Audit's strengthened role in supporting governance, risk culture, assurance, and organisational learning.
- Clear articulation of the responsibilities of the Audit Committee, senior leadership, and the Chief Audit Executive (Head of DAP).

It also sets out how Internal Audit will be delivered, developed, resourced, and assured, including how the annual audit opinion will be formed.

Recommendations and Reasons

1. It is recommended that the Audit and Governance Committee approves the Internal Audit Charter 2026.

   Reason:
   The Accounts and Audit Regulations 2015 require all authorities to maintain an effective system of Internal Audit. The Global Internal Audit Standards require the Charter to be reviewed and approved annually by the Audit Committee as those charged with governance.

   Failure to do so would impact the Council's ability to demonstrate conformance with the Standards and good governance practice.

Alternative options considered and rejected

1. None, - non-approval would result in non-compliance with GIAS and the Accounts and Audit Regulations.

Relevance to the Corporate Plan and/or the Plymouth Plan

Internal Audit supports the Council in delivering the Corporate Plan by:

- Providing objective assurance on governance and risk management.
- Supporting the proper stewardship of public funds.
- Helping services deliver efficient, effective and ethical operations.
- Strengthening transparency and public accountability.

Implications for the Medium Term Financial Plan and Resource Implications:

Delivery of the audit plan assists the council in the provision of quality public services which also demonstrate value for money. It has also helped ensure an effective control environment is maintained in these financially challenging times.

Financial Risks

No direct implications.

Legal Implications

The Council is under a statutory duty to maintain an effective internal audit service under Regulation 5 of the Accounts and Audit Regulations 2015 (as amended 2024). Approval of an Internal Audit Charter is a mandatory requirement under the Global Internal Audit Standards (2025), which apply to all UK public bodies.

Failure to maintain an up-to-date and compliant Internal Audit Charter could compromise the Council's ability to demonstrate that it meets these statutory and professional obligations. This may expose the authority to legal and governance risks, particularly in relation to the robustness of its internal control, risk management and assurance arrangements.

Approval of the Internal Audit Charter 2026 ensures that the Council continues to operate in accordance with the relevant regulatory framework, professional standards and principles of good governance.

Carbon Footprint (Environmental) Implications:

No impacts directly arising from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

No impacts directly arising from this report. The work of Internal Audit forms a core component of the Council's risk management and governance framework.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*

		1	2	3	4	5	6	7
A	001a Internal Audit Charter 2026							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

Fin	HS.25.26.006	Leg	LS/0000360954/LB/02/03/26	Mon Off	LS/0000360954/LB/02/03/26	HR	N/A	Assets	N/A	Strat Proc	N/A

Originating Senior Leadership Team member: David Northey, Interim Service Director for Finance (Section 151).

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 27/02/2026

Cabinet Member approval:

Date approved: 02/03/2026

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Internal Audit Charter for Devon Assurance Partnership (DAP) in Plymouth City Council (PCC)

Purpose

Internal Audit's role is to enhance and protect organisational value. This is achieved through objective assurance, advice, and insight. Its activity aims to support the organisation in meeting its objectives, maintaining statutory compliance, improving risk culture, and delivering transparent governance. Internal Audit enhances the Authorities':

- Successful achievement of its objectives.
- Governance, Risk Management, and Control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Authorities' Internal Audit function provided through DAP is most effective when:

- Internal Auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards, which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Audit Committee.
- Internal Auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

From 1 April 2025, all UK public sector bodies and Internal Audit functions must demonstrate conformance with the Global Internal Audit Standards, and the UK Public Sector Application Note. These standards define Internal Audit's purpose, independence, scope, mandate, and expectations for Chief Audit Executive (CAE) positioning, qualifications, and reporting relationships. A key document in this is the Internal Audit Charter.

The Application Note clarifies that public sector governance structures may differ from corporate governance norms, and therefore additional interpretations are required to apply GIAS effectively. For example, UK public bodies often have limited control over Audit Committee composition, budget-setting constraints, and statutory reporting structures. The Application Note ensures these realities do not prevent conformance with the underlying principles of Independence and Objectivity.

Internal Audit must be independent in both fact and appearance. Independence ensures stakeholders can rely on the assurance provided. The Accounts and Audit Regulations, GIAS, and the CIPFA Code collectively reinforce that Internal Audit must be free from interference in determining scope, performing work, and reporting results. Regulation 5(2) of the Accounts and Audit Regulations obligates staff and members to make documents, records, and explanations available to Internal Audit. This legal backing protects Internal Audit from obstruction.

DAP will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive (Head of DAP) will report periodically to the Audit Committee and Authorities' Senior Management regarding the Internal Audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

The 2025 CIPFA Code operationalises GIAS for Local Government. It sets out clear expectations of those charged with governance, senior management, and audit committees. It also requires Local Authorities to explain compliance in their Annual Governance Statement. CIPFA Code of Practice for Governance of Internal Audit (2025). The Code sets out Internal Audit's position by mandating:

- Clear articulation of Internal Audit's mandate in a formally approved Charter.
- Senior management responsibility for ensuring Internal Audit is adequately resourced.
- Audit Committee oversight of Internal Audit's performance and independence.
- Regular private meetings between the CAE and the Audit Committee.

The Code also requires senior management to uphold Internal Audit's independence by ensuring:

- The Chief Audit Executive reports in their own right to the Audit Committee on the work of Internal Audit.
- Internal Audit has unrestricted access to senior leadership and decision-makers.
- Audit recommendations cannot be suppressed or altered by management.
- Safeguards exist where the CAE holds additional non-audit responsibilities.

Mandate

Authority

Internal Audit in Local Government derives its core authority from legislation. The Accounts and Audit Regulations 2015 (amended 2024) require every relevant authority to maintain an effective Internal Audit function. Internal Audit is a legal requirement and the legislation states that Internal Audit must evaluate the effectiveness of governance, risk management, and internal control processes.

Accounts and Audit Regulations 2015 (Legislation.gov.uk) Regulation 5 sets out Internal Audit's powers, including unrestricted access to documents, records, systems, and staff. This ensures Internal Audit can examine any area necessary to provide robust assurance. Regulation 6 of the Accounts and Audit Regulations requires authorities to review the effectiveness of their internal control system and Internal Audit provides the independent foundation for this.

Section 151 Officer – Statutory Link to Internal Audit and Internal Control

Section 151 of the Local Government Act 1972 requires every local authority to "make arrangements for the proper administration of its financial affairs and appoint a Section 151 Officer (Chief Finance Officer)" responsible for those arrangements, Legislation: Local Government Act 1972 – Section 151

This statutory responsibility directly links the Section 151 Officer to Internal Audit and internal control because:

- 'Proper administration' requires robust internal control systems, which Internal Audit independently assesses.
- The Section 151 Officer must ensure an adequate and effective system of Internal Audit is established.
- Internal Audit provides assurance supporting the Section 151 Officer's duties to maintain financial resilience, prevent unlawful expenditure and ensure compliance with regulations.

The Authority authorises the Internal Audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit responsibilities. Internal Auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Authority and other specialised services from within or outside DAP to complete Internal Audit services.

Independence, Organisational Position, and Reporting Relationships

The Chief Audit Executive (Head of DAP) will be positioned at a level in the organisation that enables Internal Audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the Internal Audit function. (See "Mandate" section). This is further achieved with DAP through the partnership governance structure, being the DAP Management Board and DAP Joint Committee.

This position provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference, and supports the Internal Auditors' ability to maintain objectivity.

The Head of DAP will confirm to the Audit Committee, at least annually, the organisational independence of the Internal Audit function. If the governance structure does not support organisational independence, the Head of DAP will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.

Where DAP provides any services that are not Internal Audit, for example Risk Management and Counter Fraud, appropriate controls will be put into place to ensure that there is suitable independent assessment of the compliance and effectiveness of such activities.

The Head of DAP will disclose to the Audit Committee any interference Internal Auditors encounter related to the scope, performance, or communication of Internal Audit work and results. The disclosure will include communicating the implications of such interference on the Internal Audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of DAP, Audit Committee, and Senior Management on the Internal Audit Mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the Authority.
- A significant change in responsibilities of the Authority.
- Significant changes in the Chief Audit Executive, Audit Committee, and/or Senior Management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.

- New laws or regulations that may affect the nature and/or scope of Internal Audit services.

Audit Committee Oversight

To establish, maintain, and ensure that the Authorities' Internal Audit Function delivered by DAP has sufficient authority to fulfil its duties, the Audit Committee will:

- Discuss with the Head of DAP and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function.
- Ensure the Head of DAP has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the Head of DAP and senior management other topics that should be included in the Internal Audit Charter.
- Participate in discussions with the Head of DAP and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective Internal Audit function.
- Approve the Internal Audit function's Charter, which includes the Internal Audit mandate and the scope and types of Internal Audit services.
- Review the Internal Audit Charter annually with the Head of DAP to consider changes affecting the organisation, such as the employment of a new Chief Audit Executive or changes in the type, severity, and interdependencies of risks to the organisation; and approve the Internal Audit charter, typically annually.
- Approve the risk-based Internal Audit and assurance plan.
- Advocate to senior management for sufficient budget and resources allowing the Internal Audit function to fulfill its mandate and accomplish its audit plan.
- Provide input to the Internal Audit function's human resources administration and budgets via the DAP Committee.
- Review the Internal Audit function's expenses via the DAP Committee.
- Provide input to senior management on the appointment and removal of the Chief Audit Executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards via the DAP Committee.
- Review and provide input to senior management on the Chief Audit Executive's performance.
- Receive communications from the Head of DAP about the Internal Audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results annually via the DAP Committee.
- Make appropriate inquiries from senior management and the Head of DAP to determine whether scope or resource limitations are inappropriate.

Chief Audit Executive (Head of DAP) Roles and Responsibilities

Ethics and Professionalism

The Head of DAP will ensure that Internal Auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Head of DAP will ensure that the Internal Audit function remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of DAP determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal Auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Authority or its affiliates.
- Initiating or approving transactions external to the Internal Audit function.
- Directing the activities of any Authority employee that is not employed by the Partnership, except to the extent that such employees have been appropriately assigned to Partnership or to assist Internal Auditors.

Internal Auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of DAP, Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Head of DAP has the responsibility to:

- At least annually, develop a risk-based Internal Audit and Assurance Plan that considers the input of the Audit Committee and Senior Management. Discuss the plan with the Audit Committee and Senior Management and submit the plan to the Audit Committee.
- Communicate the impact of resource limitations on the Internal Audit Plan to the Audit Committee and Senior Management.
- Review and adjust the Internal Audit plan, as necessary, in response to changes in the DCC's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the Internal Audit plan.
- Ensure Internal Audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and requirements of the CIPFA Application Note.
- Follow up on engagement findings and the implementation of action plans and communicate the results of Internal Audit services to the Audit Committee and senior management periodically, and for each engagement as considered appropriate by the CAE.
- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact DCC and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in Internal Auditing.
- Establish and ensure adherence to methodologies designed to guide the Internal Audit function.
- Ensure adherence to the DCC's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of DAP cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communication with the Audit Committee and Senior Management

The Head of DAP will report periodically to the Audit Committee and senior management regarding:

- The Internal Audit function's mandate.
- The Internal Audit plan and performance relative to its plan.
- Internal Audit budget via the DAP Committee.
- Significant revisions to the Internal Audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.

- Results from the quality assurance and improvement program, which include the Internal Audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the Internal Audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the DCC's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to the risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond the Authorities risk appetite.

Quality Assurance and Improvement Program

The Head of DAP will develop, implement, and maintain a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the Internal Audit function. The program will include external and internal assessments of the Internal Audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to Internal Auditing. Also, if applicable, the assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement.

Annually, the Head of DAP will communicate with the Audit Committee and Senior Management about the Internal Audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside DAP; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and Types of Internal Audit Services

The scope of Internal Audit services covers the entire breadth of the organisation, including all of the Authorities activities, assets, and personnel. The scope of Internal Audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes within the Authority.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Internal Audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal Audit engagements may include evaluating whether:

- Risks relating to the achievement of strategic objectives are appropriately identified and managed.
- The actions of the officers, directors, management, employees, and contractors or other relevant parties comply with policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.

- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact on the Authority.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approved by the Audit Committee at its meeting in March 2026

Acknowledgments/Signatures

Tony Rose *February 2026*

Chief Audit Executive - Head of DAP Date

Audit Committee Chair Date

Chief Executive Date

Audit and Governance Committee

Date of meeting:	10 March 2026
Title of Report:	**Internal Audit Plan 2026/27**
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance (S151))
Author:	Louise Clapton, Audit Manager
Contact Email:	Louise.clapton@plymouth.gov.uk
Your Reference:	AUD/LC
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The Global Internal Audit Standards (GIAS), effective for the UK public sector from April 2025, require the preparation of a risk-based Internal Audit Plan that supports the annual opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework. The Internal Audit Plan 2026/27 has been developed using a flexible, thematic approach informed by the Council's Strategic and Operational Risks, consultation with senior management, and DAP's risk-based audit needs assessment.

In recognition of the continued financial pressures, service demand challenges and the rapidly shifting risk environment across local government, the 2026/27 Plan is designed to ensure Internal Audit work remains agile, targeted and responsive throughout the year. It is underpinned by core assurance work, with thematic reviews focused on key risk areas including financial resilience, transformation, ICT and cyber, commissioning, safeguarding, and high-risk service operations.

Recommendations and Reasons

Members of the Audit and Governance Committee are asked to:

1. Review and approve the Internal Audit Plan 2026/27.
2. Note that the plan will be continuously reviewed and updated during the year to reflect emerging risks, organisational priorities and changes in the operating environment, with material changes reported back to the Committee.

Reason:
Approval of an annual Internal Audit Plan is required under the Accounts and Audit Regulations 2015, which mandate that the Council must maintain an adequate and effective internal audit service.

Alternative options considered and rejected

1. None. The Council is required to operate an effective internal audit function. Failure to do so would contravene the Accounts and Audit Regulations 2015, as well as the Global Internal Audit Standards.

Relevance to the Corporate Plan and/or the Plymouth Plan

Internal Audit supports delivery of the Corporate Plan by:
promoting strong governance, transparency and accountability;
supporting robust financial management, value-for-money and performance improvement; and providing assurance that statutory duties, regulatory obligations and key controls operate effectively across the Council.

The service contributes to the resilience and integrity of the organisation, enabling informed decision-making and supporting delivery against corporate priorities.

Implications for the Medium Term Financial Plan and Resource Implications:
Delivery of the audit plan contributes to the Council's financial resilience by providing assurance over key financial systems, major projects, transformation programmes and areas of high financial risk.

Financial Risks

There are no direct financial implications arising from this report.

Legal Implications

The Council is required under the Accounts and Audit Regulations 2015 to maintain an adequate and effective internal audit service. The preparation and approval of an annual, risk-based Internal Audit Plan ensures compliance with these statutory requirements. The Plan has also been developed in accordance with *the Global Internal Audit Standards*, which become mandatory for UK public sector internal audit functions from April 2025 and require sufficient audit coverage to support the annual opinion on governance, risk management and internal control.

There are no direct legal implications arising from the approval of the Internal Audit Plan itself. However, the Internal Audit function plays a key role in supporting the Council's compliance with its wider legal duties, including those relating to financial administration, governance, procurement and risk management.

Carbon Footprint (Environmental) Implications:

None arising directly from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:
** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*
No impacts directly arising from this report. The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

Appendices
**Add rows as required to box below*

Ref.	**Title of Appendix**	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	DAP Internal Audit Plan 2026/27							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

Fin	HS.25.26.007	Leg	LS/0000360955/LB/02/03/26	Mon Off	LS/0000360955/LB/02/03/26	HR	N/A	Assets	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Northey, Interim Service Director for Finance (S151)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 27/02/2026											
 Cabinet Member approval: Date approved: 02/03/2026											

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devonassurancepartnership
Support, Assurance and Innovation

DAP - Internal Audit Plan 2026/27

Plymouth City Council Audit & Governance Committee

March 2026

Official

Tony Rose – Head of Devon Assurance Partnership

Louise Clapton - Audit Manager

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Devon Assurance Partnership	Confidentiality and Disclosure Clause
The Devon Assurance Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Torridge, South Hams, West Devon councils, Devon and Somerset Fire and Rescue and the Devon and Torbay Combined County Authority. We aim to be recognised as a high-quality assurance service provider in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devon.gov.uk .	This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Introduction

Internal auditing at Plymouth City Council is delivered in accordance with the Global Internal Audit Standards (GIAS), effective for the UK public sector from April 2025. The Standards set out the purpose, authority and responsibilities of the internal audit function, defining internal auditing as an independent, objective assurance and advisory activity designed to strengthen governance, risk management and internal control, and to support the organisation in achieving its objectives.

Within these Standards, the role of the Board is fulfilled by the Council's Audit & Governance Committee, and the role of senior management is fulfilled by the Corporate Management Team, as defined in the Council's Internal Audit Charter. The Charter outlines the mandate, independence, access rights, and organisational position of the Devon Assurance Partnership (DAP) in providing Internal Audit services to the Council. It confirms unrestricted access to records, systems, data and personnel, and formal accountability to the Audit & Governance Committee, in line with GIAS requirements.

The Chief Audit Executive (CAE), fulfilled by the Head of Devon Assurance Partnership, is responsible for developing a risk-based internal audit plan that reflects the Council's priorities, risk appetite, governance arrangements and internal control environment. The plan is informed by:

- the Council's Strategic and Operational Risk Registers;
- risk intelligence, performance information and service pressures;
- discussions with senior management and the S151 Officer;
- previous audit findings and thematic insights; and
- the requirement to provide sufficient, balanced assurance to support the annual internal audit opinion.

The plan is dynamic, reflecting the GIAS expectation that internal audit activity must be continuously reviewed and updated to respond to changes in risk, operations, systems and external drivers. Any significant changes to the plan will be reported to, and approved by, the Audit & Governance Committee.

Internal Audit forms an integral part of the Council's overall assurance framework, supporting good governance, transparent decision-making, financial resilience, service improvement and counter-fraud arrangements. DAP works collaboratively with other assurance providers, including External Audit, Risk Management, and Counter Fraud to avoid duplication and to strengthen integrated assurance across the Council.

The Audit & Governance Committee is invited to review and consider:

- the basis of the risk assessment informing this plan;
- the alignment with the Council's governance and risk management frameworks;
- the level of resources available to deliver the plan; and
- the proposed areas of internal audit coverage for 2026/27.

Through this plan, DAP aims to provide independent, high-quality assurance and insight that strengthens the Council's ability to manage risk, deliver services effectively, and meet its statutory and regulatory responsibilities.

Tony Rose
Head of Devon Assurance Partnership

Annual Flexible Audit Plan 2026/27

Internal Audit continues to develop its planning approach in line with sector-wide movement toward agile, flexible audit planning, enabling the service to remain responsive to rapidly changing organisational risks and priorities. This approach aligns with the requirements of the Global Internal Audit Standards (GIAS).

Our flexible plan is therefore designed to ensure assurance work remains targeted, timely, and proportionate to the Authority's highest risks. This approach supports improved risk coverage, stronger prioritisation and enhanced value for the Council, while ensuring sufficient evidence to support the annual internal audit opinion.

Key Benefits of a Flexible and Agile Audit Plan:

- Ensures audit work remains aligned to the current risk environment, including shifts in strategic, operational, financial and external risk drivers.
- Reduces non-productive time spent on rigid, pre-defined planning that later requires substantial revisions.
- Enables more effective pre-audit engagement with Service Directors and Senior Management to ensure audit work reflects real-time pressures and service needs.
- Supports regular dialogue with client leads, increasing shared understanding of risks and expected outcomes.
- Improves the visibility of emerging risks, enabling quicker intervention and assurance where required.
- Ensures Internal Audit remains responsive to significant national, legislative and regulatory changes affecting local government.

The thematic plan has been developed using DAP's risk-based assessment methodology, to ensure the plan provides balanced assurance across governance, financial controls, ICT and cyber, service delivery, transformation, people, assets and commissioned services. This is underpinned by:

- the Council's Strategic and Operational Risk Registers
- DAP's Audit Needs Assessment and Audit Universe
- consideration of risk exposure, control maturity, financial impact and service dependency
- intelligence from previous audits, national alerts and sector-wide developments
- engagement with the Corporate Management Team, the S151 Officer and Service Directors

To ensure that the plan remains accurate, relevant and appropriately aligned to risk appetite and organisational priorities, the audit plan will be:

- Formally reviewed quarterly, and informally monitored on a rolling basis.
- Updated promptly where emerging risks, legislative changes, external events or service pressures arise.
- Adjusted following significant changes to the Council's strategic risk profile, transformation activity or financial outlook.
- Reported to the Audit and Governance Committee for approval where changes are significant, with clear rationale provided.

The plan has been structured to ensure sufficient coverage of governance, risk management and control to support DAP's annual internal audit opinion, as required by GIAS and the Accounts and Audit Regulations. This includes; core financial systems, Cyber and ICT governance, contract management and procurement, grant certifications and key service-critical and high-risk operational areas

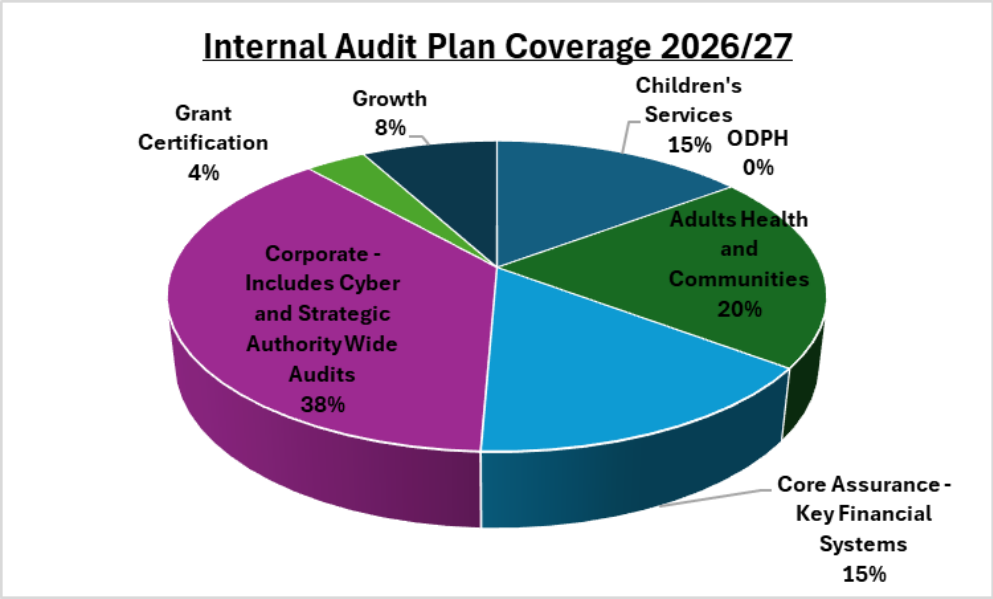


Chart 1. Internal Audit Coverage across Service Directorates and Corporate / Strategic themes.

Chart 2. Internal Audit Coverage against high/medium Strategic Risks, please note some reviews may cross over multiple risks and count more than once.

The table on the following page details our proposed high-level and thematic overview of audit coverage, this should be considered alongside the charts above, showing indicative allocation of resource to meet this summary plan. Audit coverage is spread across corporate, service areas and risk to ensure provision of assurance on the wider control framework to inform our annual assurance opinion.

Detailed terms of reference will be developed and agreed with management before each assignment begins to ensure that the most material risks, system dependencies and control expectations are fully addressed. In addition, all audits resulting in a Limited Assurance opinion, will be subject to ongoing follow-up through DAP's Management Action Tracking arrangements to provide assurance that agreed high and medium priority improvements are implemented in full.

Key: (A) = Assurance, (C) = Advisory, Audit Needs Assessment - (H) = High Priority, (M) = Medium, (L) = Low. Authority Wide Audit Coverage.

High Level Summary Audit Plan

Adult, Health and Communities

Homelessness / Temporary accommodation Data and Payments (A) (H)

Hospital Discharge and Home First (A) (H)

Adult Social Care Sustainability Data and Payments (A) (H)

Adult Social Care Financial Assessments (A) (H)

Market sufficiency and provider quality oversight (A) (H)

Housing Standards and Housing Solutions Data (A) (H)

Reserve List

Front door performance and waiting well controls. (H)

Deputyships (H)

Direct Payments (H)

Children's Services

Dedicated Schools Grant Management (A) (H)

Children's Social Care Sustainability Data and Payments (A) (H)

CareFirst to Eclipse Migration – Phase 3 Finance Module (A) (H)

Connect to Work (M)

Growth

Tree Management (A) (H)

Transport Financing, Governance and Risk (A) (M)

SWDWP (C) (M)

Reserve List

CIL and Section 106 Governance (A) (M)

Corporate decarbonisation including energy management (A) (M)

Public Health

Corporate

MTFS - Savings delivery plans (A) (H)

Transformation Plans (A) (H)

Capital Programme and Project Management Delivery (A) (H)

Corporate Spend Management – Contract Management (A) (H)

Transparency in Decision Making (A) (H)

Information Governance - Data assets ownership and management (A) (H)

Corporate Asset Management (A) (H)

People Strategy / Workforce Resilience (A) (M)

New Target Operating Model (C) (M)

Reserve List

Performance Management (A) (M)

Client and Audit Governance

Management Action Tracking

Corporate Governance

Audit Planning and Co-ordination

Liaison with External Auditor

Advice

Corporate Peer Review

Improvement and Assurance Framework

Risk Management

Global Internal Audit Standards Compliance

Core Assurance

Key Financial Systems (A) - Payroll, Debtors and Debt Management, Main Accounting System and Budget Management, Council Tax and Business Rates, Housing Benefits, Capital and Treasury Management.

Grants – Grant Certification

ICT (A) – Cyber Security - Supplier/Supply Chain Management, Cyber Security - Asset Management, Cyber Security User Access – Joiners Leavers Movers
--**Reserve List** -- AI Governance and Risk Management (DIAS), Management of IT related transformation projects

The above diagram shows the thematic approach to audit coverage in the coming year underpinned by defined, core assurance work.

Fraud Prevention and Detection and the National Fraud Initiative

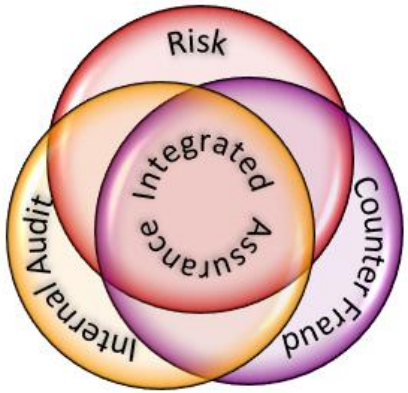
Counter-fraud arrangements remain a critical priority for the Council, underpinning the protection of public funds, safeguarding services, and maintaining public trust. Devon Assurance Partnership (DAP) will continue to provide a proactive and responsive counter-fraud function, investigating all allegations of potential fraud or irregularity referred by managers, and undertaking targeted anti-fraud and corruption testing in areas identified as being at heightened risk. This work is informed by intelligence, audit findings, national alerts, and thematic risk indicators.

The Cabinet Office's National Fraud Initiative (NFI) remains a key pillar of the Council's counter-fraud assurance. DAP has coordinated the Council's participation in the 2024/25 NFI cycle, ensuring all required datasets were extracted and securely uploaded to the NFI portal in accordance with Cabinet Office deadlines. The review of matches arising from this exercise will be completed by 31 March 2026, with outcomes reported through established governance channels.

Preparation for the next cycle will commence later in 2026, when DAP will again coordinate the Council's participation in the 2026/27 NFI exercise, including the extraction and secure submission of datasets to the NFI portal in line with the national timetable. This continuous approach ensures the Council remains compliant with statutory requirements and maintains an effective, data-driven counter-fraud capability embedded within its wider assurance framework.

Integrated Assurance

DAP's integrated model brings together Internal Audit, Risk and Counter Fraud teams, enabling intelligence sharing, coordinated activity and the ability to rapidly focus resources on emerging threats. This collaborative approach strengthens the Council's capacity to identify vulnerabilities early, prevent fraud before it occurs, and support managers in maintaining strong internal control environments.



Internal Audit Governance

A distinct element of our annual programme involves work categorised as client governance. This activity underpins the effective and efficient delivery of internal audit services to the Council and ensures the internal audit function continues to meet its statutory, regulatory and professional obligations, including those set out in the Global Internal Audit Standards (GIAS) and the Accounts and Audit Regulations.

Client governance work supports the Council's overall assurance framework and depending on the nature of the task, may result in a formal output (such as an audit report) or may take the form of advice, guidance, or participation in governance processes. Collectively, these activities enable the Audit Committee, Corporate Management Team and service managers to receive timely, accurate and risk-based assurance.

Typical areas of client governance include:

- Development and maintenance of the Internal Audit and Counter Fraud Plans, incorporating risk intelligence, emerging issues and organisational priorities, together with ongoing monitoring of delivery and necessary in-year adjustments.
- Preparation and presentation of monitoring reports to Senior Management and the Audit and Governance Committee, providing updates on delivery, assurance levels, emerging risks, and progress against management actions.
- Support to the Annual Governance Statement (AGS), contributing evidence, coordinating assurance inputs and advising on the robustness of governance arrangements.
- Liaison with external oversight bodies, such as External Audit, the Local Government Association, Ofsted, regulators and inspection teams, to ensure alignment of assurance activity and avoid duplication.

- Corporate governance support, where Internal Audit provides insight, challenge and advice on significant governance matters, strategic risk issues, and organisational change programmes. This reflects the increasing expectation under GIAS for internal audit to play an active role in strengthening organisational governance.
- Ongoing development of the Devon Assurance Partnership, including methodology updates, quality assurance and improvement activity, performance measurement and initiatives to enhance efficiency, resilience and value for money.

This client governance work is an essential component of how Internal Audit supports the Council's governance, risk and control environment. It ensures transparency, strengthens the Council's assurance framework, and helps maintain continual improvement in line with professional standards.

Partnership working with other auditors

We will continue to develop and maintain effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We participate in a range of internal audit networks, both locally and nationally which provide for a beneficial exchange of information and practices with the aim of improving the effectiveness and efficiency of the audit process, through avoidance of instances of "re-inventing the wheel" in new areas of work.

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 (revised), which state:
'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards (GIAS) or guidance'.

DAP, through internal assessment, demonstrates that it meets the Global Internal Audit Standards (GIAS).

The Standards require that the Chief Audit Executive must 'establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. When completing these plans, the Chief Audit Executive should take account of the organisation's risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation's business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.

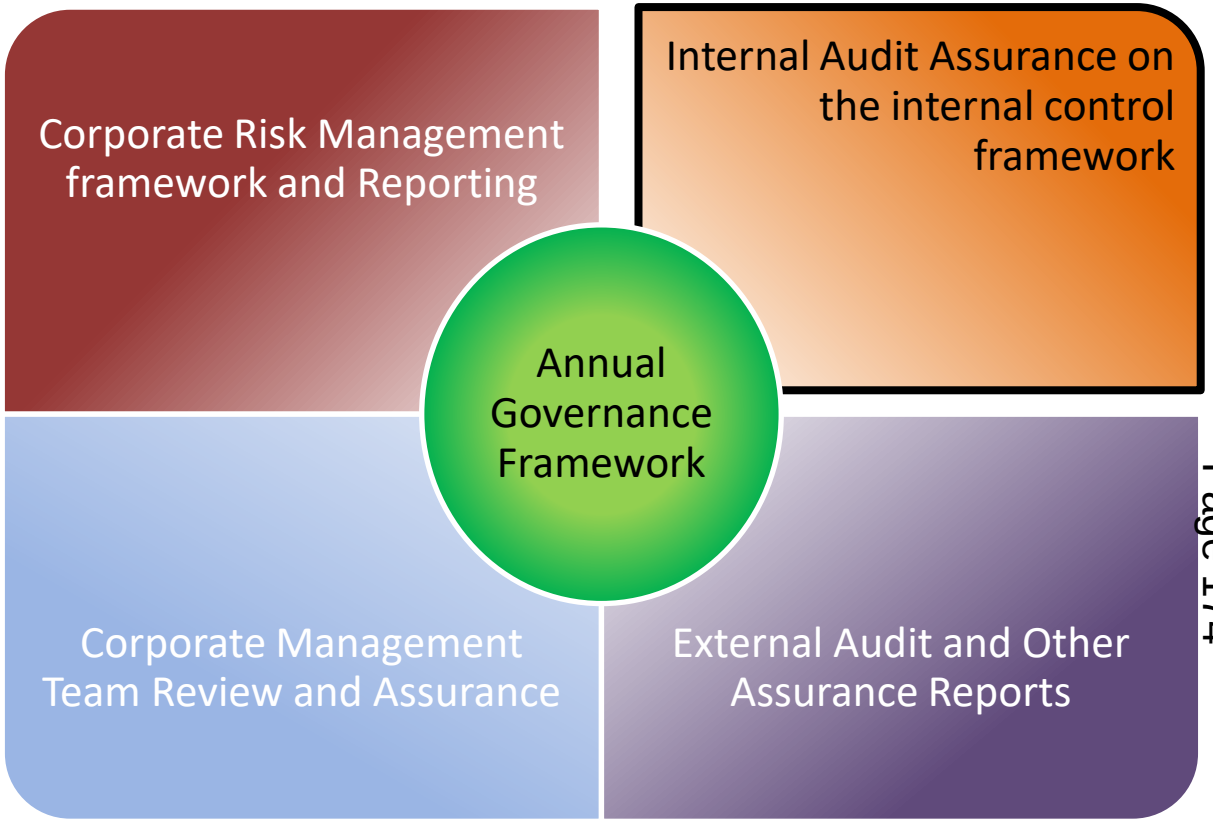
We will seek opportunity for shared working across member authorities. In shared working Devon Assurance Partnership will maximise the effectiveness of operations, sharing learning and best practice, helping each authority develop further to ensure that risk remains suitably managed.

Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that
- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: -
- be prepared by senior management and signed by the Chief Executive and Leader of the Council;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon:
  - The Authority;
  - Audit Committee;
  - Risk Management;
  - Internal Audit;
  - Other reviews / assurance;

Provide confirmation that the Authority complies with CIPFA recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by Risk Management, Leadership Group and Internal Audit that the statement meets statutory requirements.

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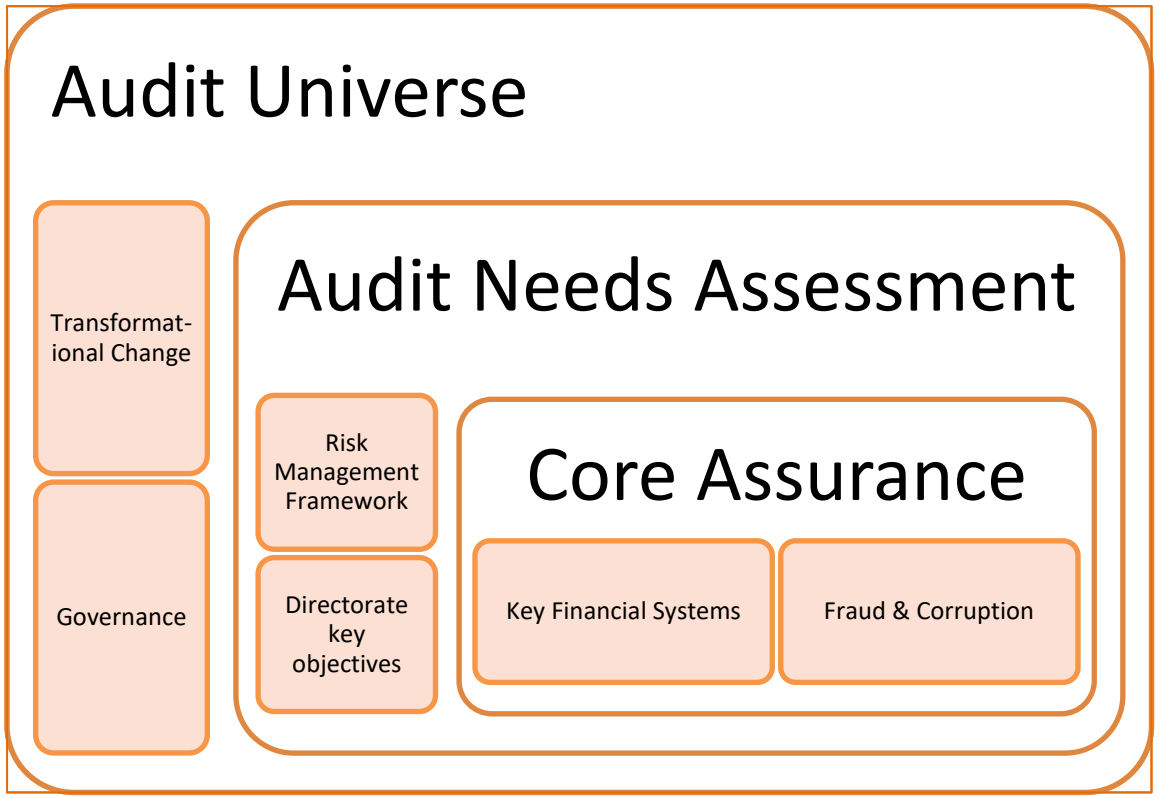
Appendix 3 - Audit Needs Assessment

We work closely with senior management and Members to employ a risk-based priority audit planning approach to identify those areas where audit resources can be most usefully targeted.

This involves consideration of global risk themes, the Councils Risk Register, medium term financial plan, and Internal Audit assurance mapping. The plan consultation process recorded areas considered but excluded from the plan in accordance with GIAS.

The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year has been created by:

- Consideration of risks identified in the Authority's strategic and operational risk registers
- Review and update of the audit universe
- Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives
- Taking into account results of previous internal audit reviews
- Taking into account Internal Audit's knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council's delivery plans
- Requirements to provide a 'collaborative audit' approach with the external auditors

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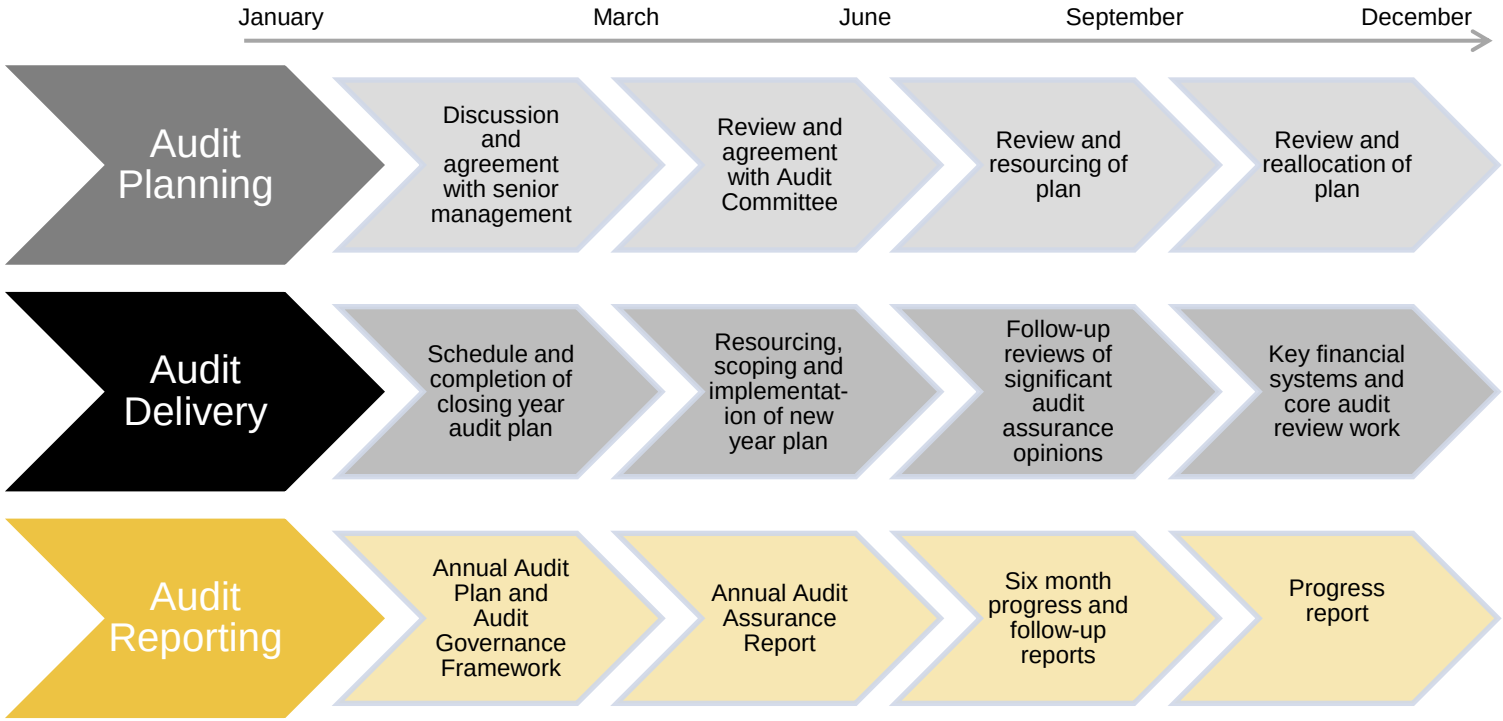
Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Jan 2026/ Feb 2026	Directorate planning meetings
Mar 2026	Internal Audit Plan presented to Audit and Gov Committee
March 2026	Internal Audit Governance Arrangements reviewed by Audit and Gov Committee
March/ April 2026	Year-end field work completed
April / May 2026	Annual Performance reports written
Jul 2026	Annual Internal Audit Report presented to Audit and Gov Committee
Quarterly	Recommendation Tracking is an ongoing process
Sept 2026	Progress report presented to Audit and Gov Committee
Nov 2026	Six-month progress reports presented to Audit and Gov Committee
Dec 2026	2027/2028 Internal Audit Plan preparation commences

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Or louise.clapton@devon.gov.uk

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Appendix 5 - Professional Standards and Customer Service

Conformance with Global Internal Audit Standards (GIAS)

The new **Global Internal Audit Standards (GIAS)** took effect for the UK public Sector as of 1*st* April 2025. There are three key aspects; The GIAS; The CIPFA Code on the Governance of Internal Audit; and The CIPFA Application Note for the GIAS in the Public Sector.

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025-26 DAP are undertaking a Gap Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance; this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in the 2025/26 Annual Report.

Conformance – Devon Assurance Partnership (DAP) confirms that its internal audit activity operates in alignment with the Global Internal Audit Standards (GIAS), effective April 2025 for the UK public sector. Our Internal Audit Charter, approved by the Audit Committee, defines our purpose, mandate and responsibilities, ensuring independence, objectivity, and adherence to ethical principles. The charter mandates unrestricted access to records, systems, and personnel, and establishes accountability to the Audit Committee, supported by the DAP Management Board and Joint Committee. DAP applies a systematic, risk-based approach to assurance and advisory services, guided by methodologies that conform to the five domains and fifteen principles of the GIAS.

An **external standards assessment** must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was last conducted in late 2024 prior to the GIAS by an IIA qualified ex Assistant Director of an Audit Partnership.

The assessment result was that ***"Based on the work carried out, it is our overall opinion that DAP generally conforms* with the Standards and the Code of Ethics".*** **The report noted that** ***"As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion".*** DAP is actively addressing these improvement areas.

* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

Quality Assessment - The Head of Devon Assurance Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.
External Assessment - The GIAS state that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS / GIAS and quality assurance are included in this development plan which is ongoing. Our development plan is regularly updated and links to our overall strategy, both of which are reported to the DAP Management Board and DAP Committee.

Customer Service Excellence (CSE)
DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during 2025. This accreditation is a UK-wide quality mark which recognises organisations that prioritise customer service and are committed to continuous improvement.

During the year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with 97% being "satisfied" or better across our services. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

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Audit and Governance Committee

Date of meeting:	10 March 2026
Title of Report:	**Anti-Fraud and Corruption Policy 2026**
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	Tony Rose, Head of Devon Assurance Partnership
Contact Email:	Tony.d.rose@devon.gov.uk
Your Reference:	AUD/TR
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The purpose of this report is to present the updated Anti-Fraud, Bribery and Corruption Policy 2026, revised to reflect current fraud risk indicators, changes in legislation and regulatory expectations, and updates to organisational structures and reporting mechanisms. The Policy strengthens Plymouth City Council's commitment to preventing, detecting and responding to fraud, ensuring alignment with best practice and emerging national guidance.

Recommendations and Reasons

1. It is recommended that the Audit and Governance Committee:
    - Review and approve the updated Anti-Fraud, Bribery and Corruption Policy 2026.
    - Endorse ongoing implementation of enhanced fraud prevention and detection measures across all service areas.

    Reason:
    Approval of the updated Policy ensures the Council continues to operate a robust, modern and effective counter-fraud framework that protects public funds, supports organisational integrity and meets the expectations of stakeholders, regulators and the wider community.

Alternative options considered and rejected

1. No alternative options are proposed. Maintaining an effective counter-fraud policy is a fundamental component of good governance and internal control. Failure to update the Policy would expose the Council to unnecessary fraud risks and weaken compliance with sector best practice. Accordingly, not updating the Policy has been rejected.

Relevance to the Corporate Plan and/or the Plymouth Plan

The Policy directly supports the corporate commitment to being a well-run, accountable and transparent Council. Strengthening fraud resilience ensures that public resources are protected and used for their intended purpose, promoting fairness, trust and confidence in public services. Effective counter-fraud arrangements also underpin delivery of the Plymouth Plan's principles of good governance and financial sustainability.

Implications for the Medium Term Financial Plan and Resource Implications:
There are no direct financial implications arising from approval of the updated Policy. However, maintaining strong counter-fraud arrangements supports the Medium-Term Financial Plan by reducing potential financial losses, safeguarding public funds and minimising the risk of fraud-related disruption to service delivery.

Financial Risks

No new financial risks arise specifically from this report. The updated Policy strengthens the Council's ability to identify, prevent and respond to fraud, reducing the likelihood of financial loss and improving the resilience of financial controls.

Legal Implications

The updated Anti-Fraud, Bribery and Corruption Policy 2026 supports the Council's obligations under the Fraud Act 2006, Bribery Act 2010 and Accounts and Audit Regulations 2015 by strengthening arrangements to prevent, detect and respond to fraud and corruption. The Policy forms part of the Council's "adequate procedures" to mitigate corporate liability for bribery, reinforces duties around proper financial administration under local government legislation, and aligns with the Public Interest Disclosure Act 1998 and UK GDPR by ensuring appropriate processes for reporting, investigating and managing fraud-related information. No new legal risks arise from approval of the Policy; rather, it reduces potential exposure to financial, regulatory and reputational harm through improved governance and internal control.

Carbon Footprint (Environmental) Implications:
There are no direct environmental or carbon related implications associated with this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:
** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

Appendices
**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	003a Anti-Fraud and Corruption Policy 2026							

Background papers:
**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*

	1	2	3	4	5	6	7

Sign off:

Fin	HS.25.26.008	Leg	LS/000036 09/56/LB/02/03/26	Mon Off	N/A	HR	N/A	Assets	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Northey, Interim Service Director for Finance (Section 151).											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 27/02/2026											
Cabinet Member approval: Date approved: 02/03/2026											

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ANTI FRAUD, BRIBERY AND CORRUPTION POLICY

Devon Assurance Partnership Counter Fraud Team

PLYMOUTH CITY COUNCIL

CHANGES

August 2018: Revised following a review of the corporate approach to fraud

August 2021: Revised following updated National Fighting Fraud and Corruption Locally Strategy

April 2025: Revised following staffing changes and introduction of Failure to Prevent Fraud Act

March 2026: No Revisions the to document.

Contacts

If you have any questions regarding this policy please contact the Counter Fraud Team at Devon Assurance Partnership corporatefraud@plymouth.gov.uk

Policies are available in large print, Braille or other languages

If you would like help understanding the contents of this policy, please speak to your line manager or contact the HR Policy Team for assistance.

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3.	What is Fraud?	4
4.	What is Bribery?	4
5.	What is Corruption?	5
6.	Avenues for reporting fraud, bribery and corruption	5
7.	Responsibilities	5

1. Anti-fraud, bribery and corruption statement.

1.1. Fraud in all its forms is now the most common criminal offence in the UK costing the economy hundreds of billions of pounds each year. It is estimated to cost Local Authorities upwards of £7.5 Billion annually, losses that council front line services can ill afford and which can contribute to council tax increases year on year. The cost of fraudulent activity impacts most markedly on those requiring the most help in our society, it is therefore imperative that we combat this criminal activity appropriately and effectively.

1.2. Fraud, bribery and corruption are by definition crimes and should not be tolerated. Any fraud against Plymouth City Council is a fraud against the public purse and therefore we will build processes and policies that will prevent and detect fraud and pursue those who would commit fraud; maximising our resources and ensuring that the public retain confidence in Plymouth City Council.

1.3. The public are entitled to expect the local authority to conduct its affairs with honesty and openness and to demand the highest levels of integrity and conduct from its staff, members and partners. The policy is part of an inter connected approach by Plymouth City Council, which is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible level. The Council will pursue and endeavour to bring to justice those who commit fraud, and its related offences.

2. Introduction

2.1. The Council has elected members and employees who play an important role in creating and maintaining a culture, which requires everyone to act honestly and with integrity at all times and to safeguard the resources for which they are responsible. Plymouth City Council's policy is that:

- any level of fraud, corruption or bribery in or against the Council will not be tolerated;
- every attempt will be made to deter and prevent fraud;
- opportunities for fraud and corruption will be reduced to the lowest possible level;
- elected members and employees will be made aware of their obligation to report suspicions of fraud;
- mechanisms will be in place for elected members and employees to report fraud;
- any suspicion of fraud will be thoroughly investigated and dealt with appropriately;
- any evidence of criminal activity will be reported to the Devon Assurance Partnership Counter Fraud Team; and
- mechanisms will be in place for seeking redress in respect of money defrauded.

2.2. Plymouth City Council also expects that individuals and organisations (e.g. suppliers, contractors and service providers) that it interacts with will act towards Plymouth City Council with integrity and without thought or actions involving fraud. Where relevant, Plymouth City Council will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts is likely to lead to a termination of the particular contract and may lead to prosecution or other sanction.

3. What is Fraud?

3.1 There are a number of criminal offences that relate to what might commonly be termed as 'fraud' that are covered by the Theft Act 1968 and the Theft Act 1978. However the Fraud Act 2006 created a new general offence of fraud with three definitions:-

- Fraud by false representation, i.e. if an individual dishonestly makes a false representation and intends by making the representation to make gain for himself or another, or to cause loss to another or expose another to risk of loss;

- Fraud by failing to disclose information, i.e. if an individual dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends, by means of abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss; and

- Fraud by abuse of position, i.e. if an individual occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to a risk of loss.

3.2 Economic Crime and Corporate Transparency Act 2023 - Effective from 1st September 2025.

An organisation may be criminally liable where an employee, agent, subsidiary, or other "associated person", commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place. In certain circumstances, the offence will also apply where the fraud offence is committed with the intention of benefitting a client of the organisation. It does not need to be demonstrated that directors or senior managers ordered or knew about the fraud.

4. What is Bribery?

4.2. Broadly, the Bribery Act 2010 defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

4.3. Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event.

4.4. Some simple examples are:

- Bribery in order to secure or keep a contract.

- Bribery to secure an order.

- Bribery to gain any advantage over a competitor.

- Bribery of a local, national or foreign official to secure a contract.

- Bribery to turn a blind eye to a health safety issue or poor performance or substitution of materials or false labour charges.

- Bribery to falsify an inspection report or obtain a certificate.

4.5. Section 2 of the Bribery Act 2010 makes it an offence to accept a bribe.

5. What is Corruption?

5.2. Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.

5.3. 'Misconduct in a public office' is a common law offence and is committed when the holder of a public office acts, or omits to act, in a way contrary to his duty.

6. Avenues for Reporting Fraud, Bribery and Corruption

6.2. Plymouth City Council has in place avenues for reporting suspicions of fraud, bribery and corruption. Employees, elected members, members of the public, contractors and partners should report any concerns or suspicions to:

Devon Assurance Partnership Contact us - Devon Assurance Partnership
By telephone – 01752 304450 or 01752 306710 or 01392 303438
By email Corporatefraud@plymouth.gov.uk
In writing – Head of DAP, Devon Assurance Partnership, The Watermark, Erme Court, Leonards Road, Ivybridge, PL21 0SZ

Employees can also report their concerns to their line manager (for school employee's head teacher, Chair of Governors), trade union representative or the Head of Legal Services. 'Protect', an independent charity provides free, confidential and practical advice if someone is unsure of how to raise a concern. They operate a Whistleblowing Advice Line - Tel: 020 3117 2520

6.3. All matters will be treated seriously and dealt with in a professional manner. If you ask us to treat the matter in confidence, we will do our utmost to respect your request but it is not possible to guarantee confidentiality. Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.

7. Responsibilities

7.1. The Chief Finance Officer as "Section 151 Officer" has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs and, together with the Chief Executive and members of the Corporate Management Team, has overall responsibility for Plymouth City Council's counter-fraud policy and procedures, and for establishing and maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives.

7.2. The system of internal control is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

7.3. Responsibilities include:

- Developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each of the key organisational objectives in order to keep the profile current;

- Establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk profile;

- Designing an effective control environment to prevent fraud commensurate with the fraud risk profile;

- Establishing appropriate mechanisms for:
  - reporting fraud risk issues;
  - reporting to the Audit and Governance Committee

- Liaising with Risk Management and the Audit and Governance Committee;

- Ensuring that Plymouth City Council's Recruitment Policy is adhered to and that effective steps are taken at recruitment to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.

- Making sure that all staff are aware of the Organisation's anti-fraud policy and know what their responsibilities are in relation to combating fraud;

- Ensuring that appropriate counter-fraud training is available and provided to staff;

- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected;

- Ensuring that appropriate legal and / or disciplinary action is taken against perpetrators of fraud;

- Taking appropriate disciplinary action against supervisors/managers where supervisory/managerial failures have contributed to the commission of fraud;

- Taking appropriate disciplinary action against staff who intentionally fail to report fraud;

- Taking appropriate action to recover assets;

- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

7.4. Operational managers / supervisors are responsible for:

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;

- Preventing and detecting fraud;

- Assessing the types of risk involved in the operations for which they are responsible;

- Reviewing and testing the control systems for which they are responsible regularly;

- Ensuring that controls are being complied with and their systems continue to operate effectively;

- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

7.5. Every member of staff and elected member of the council is responsible for:

- Acting with propriety in the use of Plymouth City Council's resources and the handling and use of funds whether they are involved with cash or payments systems, receipts or dealing with suppliers and / or customers;

- Being alert to the possibility that unusual events or transactions could be indicators of fraud;

- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;

- Complying with the Plymouth City Council Essential Information for Staff and the Plymouth City Council's Code of Conduct specifically in respect of the declaration of 'Gifts and Hospitality' and potential conflicts of interest.

- Cooperating fully with those conducting internal checks, reviews or fraud investigations.

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Audit and Governance Committee

Date of meeting:	10 March 2026
Title of Report:	**Pre-election Period Guidance Update**
Lead Strategic Director:	Tracey Lee (Chief Executive)
Author:	Liz Bryant, Service Director for Legal (Monitoring Officer)
Contact Email:	Liz.bryant@plymouth.gov.uk
Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To present the external legal review of Plymouth City Council's 'Guide to Council Publicity During the Pre-Election Period', undertaken as part of the Action Plan arising from the Armada Way Independent Learning Review (AWILR), in particular recommendation 5.

Recommendations and Reasons

That Audit and Governance Committee:

1. Notes the contents of the review
2. Endorses the proposal to revise and shorten the Council's guidance, aligning it with the LGA's annual guidance.
3. Considers the draft Guide to Pre-election Publicity attached at Appendix B
4. Agrees that the Monitoring Officer will finalise the redrafting of the guidance, based on any comments made by the Committee, ensuring legal consistency.

Reason: Reason for your recommendation

The AWILR Action Plan committed to a review of the Council's Pre-election Period Publicity Guidance in light of the recommendations made by the AWILR in relation to the Council's approach to pre-election publicity. External legal advice has been sought and the recommendations are reflective of advice the Council has received. Due to the forthcoming Local Elections on 7 May, and the commencement of the Pre-election period at 6:00pm on 23 March 2026, any feedback received from the Committee will need to be incorporated by the Monitoring Officer prior to finalising and publishing straight after the Committee on 10 March.

Alternative options considered and rejected

1. Not to update the existing guidance. This option is rejected as it fails to take account of the AWILR recommendations and the commitments made by the Council as part of the resultant Action Plan. The amendment of the guidance contributes to the overall governance improvements that the Council has committed to make.

Relevance to the Corporate Plan and/or the Plymouth Plan
This decision directly supports Plymouth City Council's Corporate Plan by strengthening governance, enabling timely delivery of key programmes, and ensuring that essential services continue without unnecessary disruption during the preelection period. The Plan emphasises being a *values led organisation with a strong focus on delivery* and maintaining Plymouth as a fairer, greener city with effective stewardship of public resources. Streamlining preelection guidance helps avoid delays to priority areas such as tackling crime and antisocial behaviour, maintaining cleaner and greener streets, progressing housing delivery, and supporting major infrastructure and investment programmes. By adopting a proportionate, legally grounded approach, the Council enhances transparency, confidence, and operational continuity key conditions for achieving its strategic ambitions.

Implications for the Medium Term Financial Plan and Resource Implications:
There are no implications.

Financial Risks

There are no risks as a result of this report

Legal Implications
The statutory framework governing pre-election publicity can be found in section 2 of the Local Government Act 1986 and the 2011 Code of Recommended Practice on Local Authority Publicity. The statutory provision only prohibits publicity that could reasonably be seen as influencing public support for a political party, rather than restricting routine or urgent council business. The review confirms that decisions taken during the preelection period are not inherently unlawful, and that mandatory functions, statutory time limited decisions, and publication requirements (including planning, licensing and meeting documentation) can continue. A revised, proportionate approach will reduce the risk of unnecessary delays, ensure compliance with legal duties, and provide clearer grounds for Monitoring Officer oversight where questions arise over what constitutes prohibited publicity.

Carbon Footprint (Environmental) Implications:
The review and proposed revision of the Council's pre-election period guidance have no direct operational impact on the Council's carbon footprint.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:
** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*
There are no direct equalities impacts arising from this review, as the recommendations relate to internal governance processes and legal compliance rather than changes to service delivery, access to services, or policies affecting specific groups. Indirectly, clearer guidance may support more timely progression of Council decisions, including those relating to equality related programmes, by reducing unnecessary delays in the preelection period.

There are no direct health and safety implications, as the proposals concern the interpretation and application of publicity rules, not operational activities. However, improved clarity around what constitutes permissible decision making may help ensure that decisions relating to public safety, statutory duties, or risk management are not unnecessarily delayed.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	Briefing report – Review of the Council's Approach to Pre-election Publicity Guidance							
B	Draft Pre-election Publicity Guidance							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

Fin	DN.25.26.034	Leg	LS/0000360950/LB/27/02/26	Mon Off	LS/0000360950/LB/27/02/26	HR	N/A	Assets	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: Liz Bryant											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 02/03/2026											

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REVIEW OF THE COUNCIL'S APPROACH TO PRE-ELECTION PUBLICITY GUIDANCE

1. EXECUTIVE SUMMARY

This briefing summarises the external legal review of Plymouth City Council's guidance issued in relation to pre-election publicity during the pre-election period (the Guidance). The review was commissioned as part of the Action Plan implementation of Recommendation 5 of the Armada Way Independent Learning Review (AWILR), which identified that the Council's existing guidance was overly cautious and may have contributed to delays in decision-making.

2. BACKGROUND

Recommendation 5 the AWILR was for the Council to review the approach to the Pre-Election period. The Council's action plan which was reported alongside the AWILR report committed to the following:

> *"We will undertake a comprehensive review of the Council's approach to the pre-election period, drawing on experiences from recent years — including the learning from the Armada Way project. This review will assess how guidance has been applied in practice and identify opportunities to improve clarity, consistency, and proportionality.*
>
> *As part of this work, we will benchmark our pre-election guidance against that of other local authorities, with a particular focus on how they manage 'business as usual' decisions during the pre-election period.*
>
> *This will help ensure that our future guidance supports lawful, transparent decision-making while enabling the Council to continue delivering essential services and progressing key projects."*

In order for the review of the Guidance to be reviewed independently, a firm of external lawyers with Local Authority governance expertise were commissioned to undertake the review and report their recommendations to the Monitoring Officer.

A revised Guidance document has been produced based on the advice received and is included at Appendix B.

3. KEY FINDINGS

The review of the Guidance made the following findings:

- The current version of the Guidance is overly long and detailed, encouraging a culture of risk aversion among officers and Members
- The legal test under Section 2 of the Local Government Act 1986 is narrow: councils must not publish material that appears designed to influence public support for a political party. Routine decision-making is not prohibited.
- The statutory Code of Recommended Practice on Local Authority Publicity provides only limited restrictions during periods of heightened sensitivity, focusing on avoiding publicity about controversial issues and avoiding identifying political groups or individual Members in publicity material.
- Case law confirms that decision-making itself is not unlawful during a pre-election period; timing alone does not make a decision improper.
- The Council's current approach reflects a civil service model rather than the more permissive framework intended for local government.
- Publishing decisions required by law (e.g. planning, licensing) is explicitly allowed, even during the heightened sensitivity period as long as publicity remains factual and non-political.
- Certain activities such as webcasting of meetings, public access to agendas and reports, and statutory notices are excluded from the definition of publicity and can continue without restriction.
- The review emphasises that advice on borderline cases should rest with the Monitoring Officer, in consultation with the other statutory officers.

4. SUMMARY OF RECOMMENDATIONS

The report made a number of recommendations which have been reflected in the newly drafted Guidance. A summary of those recommendations are:

- Produce a much shorter, clearer pre-election guidance document that focuses strictly on legal requirements.
- Emphasise 'business as usual' decision-making, limiting only those decisions that are both controversial and unnecessary before the election.
- Adopt examples from the Local Government Association's annual national guide for consistency across the sector.
- Ensure officer quotes rather than Member quotes are used in factual media releases during the period.

- Provide concise communications to Members explaining the limitations on publicity, their freedom to act personally, and the continuing responsibilities of the Council.
- Reframe internal decision-making tests to consider whether publication could reasonably be deferred, rather than questioning whether work programmes should stop entirely.

5. CONCLUSIONS

The review concludes that the Council's existing approach is unnecessarily restrictive and risks delaying important decisions without a legal basis. A more proportionate, legally grounded guidance document will support transparency, enable key projects to continue, and ensure officers and Members are confident in managing the pre-election period appropriately.

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GUIDE TO COUNCIL PUBLICITY DURING THE PRE-ELECTION PERIOD

1800 hours on 23 March 2026 up to and including 07 May 2026

PLYMOUTH CITY COUNCIL

1. INTRODUCTION

1.1 During the period leading up to the election, from 1800 hours on 23 March 2026, up to and including 7 May 2026, there are some guidelines the Council needs to follow by law. This guide is designed to complement the statutory guidance issued by the government to local authorities covering the period between the publication of an election and the election itself. Its aim is to ensure that members, officers and candidates are able to take a consistent and fair approach to the application of statutory principles that is also in line with the Council's values. Additional guidance is available via the LGA website, the Monitoring Officer or Acting Returning Officer. It applies to the 2026 Local Elections being held on 7 May 2026.

1.2. The main significance of the pre-election period is in the need for heightened sensitivity to ensure that Council resources are not used in any way that relates to party political issues or the election campaign.

1.3 As a general rule these restrictions do not affect the vast majority of employees and it is business as usual in almost all areas of our work.

2. KEY PRINCIPLES

2.1 If, as part of your job, you provide advice and business planning for published decision-making by the council or you organise publicity, events, public consultations or you manage a council social media account, you should familiarise yourself with the pre-election rules which apply to councils, which are:

- From the start of the pre-election period the council should take particular care with publicity. Publicity is defined as "any communication, in whatever form, addressed to the public at large or to a section of the public."

- Generally, the council should "not publish any material which, in whole, or in part, appears to be designed to affect public support for a political party." The Council should generally not issue any publicity which seeks to influence voters and that publicity relating to individuals involved directly in the election should not be published unless expressly authorised by statute.

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- In relation to decision-making within the council, the position remains that it is 'business as usual' unless there are very good reasons why this should not be the case. In the vast majority of cases, the pre-election period will have no impact on normal council business, including the approval of planning decisions.

- The council will have to think carefully before it runs any local campaigns. If a campaign could be deemed likely to influence the outcome of the election, it will need to be deferred.

- In addition, the council will have to think carefully before it launches any new consultations. Unless it is a statutory duty or considered normal council business, such as budget consultations, it is recommended that the council avoids starting any new consultations or publishing report findings from consultation exercises, which could be politically sensitive.

- The council can still issue media releases on factual matters provided that these do not identify individual councillors or groups of councillors.

Staff must not:

- produce publicity on matters which are politically controversial
- make references to individual candidates or parties in press releases/on council-run social media channels
- arrange proactive media or events involving candidates
- issue photographs which include candidates
- supply council photographs or other documentation or materials unless it has been verified that they will not be used for campaigning purposes
- assist with an election campaign in any way
- display any campaign material on council property or allow candidates to use council premises for campaign purposes
- help with national political visits (as this would involve using public money to support a particular candidate or party). These should be organised by political parties with no cost or resource implications for the council.

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More information about publicity during the pre-election period can be found on the **LGA website**.

Details of PCC rooms that can be booked for the purposes of election, provided normal terms and conditions of booking are applied, can be found here:

Rooms available for elections and referendums | PLYMOUTH.GOV.UK

If Members or Officers have any questions regarding this guidance or in relation to particular circumstances, they should contact Liz Bryant liz.bryant@plymouth.gov.uk or Elinor Firth elinor.firth@plymouth.gov.uk

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Audit and Governance Committee – Action Log 2025/26

Key:	
	Complete
	In Progress
	Not Started
	On Hold

Minute No.	Resolution	Date Due & Progress
Minute 42 Risk Management Monitoring Report November 2023 28 November 2023	A SharePoint page would be created for members of the Committee, to see risk management information in near real time.	Date Due: February 2026 Officer Responsible: Paul Stephens/David Northey Progress: Request formally made to Ross Jago1 December 2023. Chased 26 March 2024, 23 April 2024, 12 July 2024, 01 April 2025. Request made to Paul/Ian 19 June 2025. Chased 21 November 2025. Page is in development, access/permissions issues to be resolved.
Minute 105 Work Programme 01 April 2025	The Committee agreed to do a task and finish on constitution under the name of the "constitutional review group" specifically to look at the way in which a Lord Mayor is elected which would report back to the Committee in 2025/26.	Date Due: March 2026 Officer Responsible: Glenda Favor-Ankersen Progress: Suggested that these changes are considered along with any identified as part of the Armada Way Independent Learning Review Action Plan.
Minute 11c	Any changes to the constitution could be considered by the Constitution and Civic-Sub Committee, following any relevant recommendations from the Armada Way Action Plan Sub-Committee.	Date Due: March 2026 Officer Responsible: Liz Bryant

Audit and Governance Committee – Action Log 2025/26

Annual Governance Statement 22 July 2025		Progress: Dependent on whether the AW Sub-Committee makes any recommendations to change the constitution.
Minute 11e Annual Governance Statement 22 July 2025	It was suggested that for the next AGS statement a survey would also be undertaken to seek the views of Councillors, as well as those of senior officers.	Date Due: May 2026 Officer Responsible: Jamie Sheldon Progress: Informed of action. Awaiting timeline based on next deadline for an AGS.
Minute 17b Whistleblowing Policy 22 July 2025	It was requested that paragraph 7.1 (g) be reworded to 'their individual MP'	Date Due: 05 August 2025 Officer Responsible: Liz Bryant Progress: Actioned within the Whistleblowing Policy report going in March 2026.
Minute 17c Whistleblowing Policy 22 July 2025	More information on how contractors were made aware of the Whistleblowing Policy would be provided to the Committee.	Date Due: 05 August 2025 Officer Responsible: Liz Bryant Progress: Actioned within the Whistleblowing Policy report going in March 2026.
Minute 30h Pre-referendum guidance compared to pre-election guidance 16 September 2025	A lessons learned report relating to the pre-referendum period would be developed.	Date Due: 31 December 2025 Officer Responsible: Liz Bryant Progress: Formal request made 24 October 2025. Chased 21 November 2025 and 02 March 2026.

Audit and Governance Committee – Action Log 2025/26

Minute 30j Pre-referendum guidance compared to pre-election guidance 16 September 2025	Concerns were raised about staff awareness of Councillor roles and how this could be covered within the training that was being developed.	Date Due: 31 December 2025 Officer Responsible: Chris Squire Progress: Formal request made 24 October 2025. Chased 21 November 2025 and 02 March 2026.
Minute 58f Armada Way Action Plan Sub-Group Update 20 January 2026	Officers would ensure that all agreed timeframes were covered through the internal audit review for 2026/27 to ensure complete.	Date Due: 01 June 2026 Officer Responsible: Liz Bryant/Louise Clapton Progress: Formal request made 24 February 2026.
AWILR Sub Committee Action Minute 5a h Governance 30 October 2025	A request was made that as part of the review of the review of the constitution, Councillors would be invited to give their comments.	Date Due: 31 March 2025 Officer: Liz Bryant Progress: Formal request made 31 October 2025.
AWILR Sub Committee Action Minute 9ii Action Plan Progress Update 14 January 2026	Information would be provided on any employee wellbeing and training improvements that might be available to Councillors.	Date Due: 31 March 2026 Officer: Jill Ellis/Glenda Favor-Ankersen/Tilly Turner Progress: Formal request made 26 February 2026.

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Audit and Governance Committee

Work Programme 2025/26

Please note that the work programme is a 'live' document and subject to change at short notice. The information in this work programme is intended to be of strategic relevance.

For general enquiries relating to the Council's Committees, including this Committee's work programme, please contact Hannah Chandler-Whiting (Democratic Advisor) on 01752 305155.

Date of Meeting	Agenda Item	Reason for Consideration	Lead Officer(s)
22 July 2025	Role of an Audit Member	Annual Standing Item (Verbal Report)	Barrie Morris/Grace Hawkins
	Plymouth City Council Audit Plan 2024/25	Required	Barrie Morris/Grace Hawkins
	Draft Statement of Accounts 2024/25	Required	Carolyn Haynes
	CIPFA assurance review – findings and response	Verbal Update	Ollie Woodhams/Ian Trisk-Grove
	Annual Governance Statement	Annual Report	Jamie Sheldon
	Armada Way Action Plan Sub-Committee Report	Added following City Council on 02 June 2025	Liz Bryant
	Health, Safety and Wellbeing Annual Report 2024/25	Annual Report	Kirstie Spencer
	Internal Audit End of Year Report 2024/25	Annual Report	Louise Clapton
	Counter Fraud Annual Report 2024/25	Annual Report	Tony Rose
	Treasury Management Outturn Report 2024/25	Required	Wendy Eldridge
	Procurement Strategy	6 month update	Holly Golden
	Risk Management Monitoring Report	Update Report	Paul Stephens
	Whistleblowing Policy	Annual Report (delayed from March 2025)	Liz Bryant
	Annual Information Governance Statement	Annual Report	John Finch
16 September 2025	External Audit Report		Barrie Morris/Grace Hawkins
	Update on External Audit Actions		Ian Trisk-Grove
	Internal Audit Review of Financial Management Framework	Added August 2025	Louise Clapton
	Internal Audit Progress Report		Louise Clapton

	Risk Management Strategy	Standing Item	Bradley Hutton/Ian Trisk-Grove
	IFRS16 Leases	Identified for consideration at the January 2025 meeting.	Carolyn Haynes
	Pre-referendum Guidance compared to Pre-election Guidance	Identified for consideration at the July 2025 meeting.	Liz Bryant
	Armada Way Action Plan Sub-Committee	Added August 2025	Liz Bryant
	Engagement and Consultation Framework	Added August 2025	Ellie Firth/Prof Steve Maddern
18 November 2025	Interim Auditor's Annual Report	Update	Barrie Morris/Grace Hawkins
	Update on External Audit Actions	Update	Ian Trisk-Grove
	Counter Fraud Half Year Report	Half Year Report	Tony Rose
	Internal Audit Half Year Report	Half Year Report	Louise Clapton
	Risk Management Monitoring Report	Standing Item	Ian Trisk-Grove/Bradley Hutton
	Treasury Management Mid-Year Review	Annual Report	Wendy Eldridge
	Cost Risk Management of Capital Programme	Identified for consideration at the February 2025 meeting.	Ollie Woodhams
	Armada Way Action Plan Sub-Group Update	Following the Sub Group's October 2025 Meeting	Liz Bryant
20 January 2026	External Auditor Findings Report		Barrie Morris/Grace Hawkins
	Update on External Audit Actions	Verbal Report	Ollie Woodhams
	Final Statement of Accounts 2024/25	Added 16 September 2025	Carolyn Haynes
	Capital Finance Strategy	Annual Report	Wendy Eldridge/Ollie Woodhams
	Treasury Management Strategy	Annual Report	Wendy Eldridge/ Ollie Woodhams
	Risk Management Strategy Update	Standing Item	Bradley Hutton
	Armada Way Action Plan Sub-Group Update	Following the Sub Group's December 2025 meeting	Liz Bryant
	Cyber Security Update on Management Actions	Identified for consideration during 16	Peter Honeywell

		September 2025 meeting	
10 March 2026	External Audit Report	Standing Item	Barrie Morris/Grace Hawkins/David Johnson
	Update on External Audit Actions	Verbal Update	David Northey
	Final Accounts 2024/25 Update	Update Report	Carolyn Haynes
	Procurement Strategy	Update every 6 months	Holly Golden
	Treasury Management Practices Principles and Schedules 2026/27	Annual Item	Wendy Eldridge
	Internal Audit Strategy and Charter 2026/27	Annual Report	Louise Clapton
	Internal Audit Plan 2026/27	Annual Report	Louise Clapton
	Anti-Bribery and Corruption Policy	Annual Review	Tony Rose
	Whistleblowing Policy	Annual Review	Liz Bryant
	Pre-election guidance	Identified for consideration at the January 2026 Sub Committee	Liz Bryant
Items to be scheduled for 2025/26			
Items to be scheduled for 2026/27			
2026/27	Financial Regulations within the Constitution Update		David Northey
2026/27	Elected Members Engagement and Consultation Document	Identified for consideration at the September 2025 meeting.	Ellie Firth
2026/27	Capital Finance Strategy for 2027/28	Discussion item identified during the January 2026 meeting to understand changes being made in developing the strategy for 2027/28.	Councillor Mark Lowry/David Northey
2026/27	Regulatory Regimes	Identified for consideration at the March 2024 meeting.	Ross Jago
2026/27	Capital Strategy – reducing 12.5% cap on core financing costs as a % of net revenue budget	Identified for consideration at the January 2026 meeting. Minute 55 Rec 2.	David Northey/Councillor Mark Lowry

2026/27	Audit and Governance Annual Report (to include Committee Self-Assessment)	Annual Report - moved to 2026/27 to allow for more response time	Jamie Sheldon/Tony Rose
2026/27	Update on External Audit Actions	Written Report as agreed at January 2026 meeting	David Northey
2026/27	Risk Management Strategy Update	Standing Item	Bradley Hutton/David Northey