



# Auditor's Annual Report for Gloucestershire County Council

Year-ended 31 March 2025

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November 2025

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Our audit reports will be made solely to the members of Gloucestershire County Council (the Council), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of Council, as a body, for our audit work, for our auditor's reports, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



**01**

# **Executive Summary**

# Executive Summary

## Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Gloucestershire County Council (the 'Council'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Council alongside the annual report and accounts.

## Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) ('ISAs (UK)') include the following:



**Financial Statements** - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Council and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 ('the CIPFA Code').



**Other information (such as the narrative report)** - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.



**Value for money** - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



**Other powers** - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

<b>Financial statements</b>	<p>We issued an unmodified opinion on the Council's financial statements on 24 November 2025. This means that we believe the financial statements give a true and fair view of the financial performance and position of the Council.</p> <p>Additionally, we are the auditor of Gloucestershire Pension Fund's financial statements. We have issued an unmodified opinion on these financial statements on 24 November 2025.</p> <p>We have provided further details of the key risks we identified and our response on pages 8 and 9.</p>
<b>Other information</b>	<p>We did not identify any material inconsistencies between the content of the other information, the financial statements and our knowledge of the Council.</p>
<b>Value for money</b>	<p>We identified one significant weakness in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 16.</p>
<b>Whole of Government Accounts</b>	<p>We are required to perform procedures and report to the National Audit Office in respect of the Council's consolidation return to HM Treasury in order to prepare the Whole of Government Accounts.</p> <p>As the National Audit Office has not yet concluded its audit of the Whole of Government Accounts for the 31 March 2025 financial year, we are unable to confirm that we have concluded our work in this area.</p>
<b>Other powers</b>	<p>See overleaf.</p>

# Executive Summary

There are several actions we can take as part of our wider powers under the Act:

## Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

**We have not issued a Public Interest Report this year.**

## Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

**We have not applied to the courts.**

## Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

**We made no recommendations under Schedule 7 of the Act.**

**As at the date of this report, we have not raised any other recommendations.**

## Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

**We have not issued an advisory notice this year.**

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations we report these to management and the Audit & Governance Committee. The Council is not required to take any action to these, however it is good practice to do so and we have included any responses that the Council has given us.

**02**

# **Audit of the financial statements**

# Audit of the financial statements

## KPMG provides an independent opinion on whether the Council's financial statements:

- Give a true and fair view of the financial position of the Council as at 31 March 2025 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under, and ensure we are independent of the Council in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Our audit opinion on the financial statements

We have issued an unqualified opinion on the Council's financial statements on 24 November 2025.

Additionally, we are the auditor of Gloucestershire Pension Fund's financial statements. We have issued an unmodified opinion on the pension fund financial statements on 24 November 2025.

The full audit reports are included in the Council's Annual Report and Accounts for 2024/25 which can be obtained from the Council's website.

Further information on our audit of the financial statements is set out overleaf.

# Audit of the financial statements: Council

The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

## Valuation of land and buildings

For those assets that are revalued in the year, the valuation involves significant judgement and estimation on behalf of the Council's valuers. We considered this to apply particularly to the Energy from Waste specialised operational asset.

### Our procedures

We critically assessed the independence, objectivity and expertise of the Council's valuers used in developing the valuation of the Council's properties at 31 March 2025;

We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;

We challenged the appropriateness of the valuation of specialised assets, notably the Energy from Waste facility, including any material movements from the previous revaluations.

We challenged key assumptions within the valuation as part of our judgement, for example the obsolescence assumptions for the Energy from Waste specialised operational asset.

### Our findings

We completed the procedures as described and we did not identify any material misstatements relating to this area.

We found the estimate determined by management and the valuer to be balanced.

## Management override of controls

There is a presumed fraud risk related to the fact that management is in a unique position to manipulate accounting records by overriding controls that otherwise appear to be operating effectively.

### Our procedures

We evaluated the selection and application of accounting policies.

We assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.

We evaluated the design and implementation of controls over journal entries and post-closing adjustments.

We analysed all journals through the year using our data and analytics team and focused our testing on those with a higher risk, such as unusual combinations.

### Our findings

We completed the procedures as described and we did not identify any material misstatements relating to this area.

There are known weaknesses in current finance system in relation to journal controls, such as journals with missing descriptions and journals approved outside of the finance system. These weaknesses are expected to be addressed when the new cloud-based SAP system is implemented.

## Valuation of pension benefit obligations

The valuation of the pension benefit obligations involves the selection of appropriate actuarial assumptions. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.

### Our procedures

We understood the processes the Council has in place to set the assumptions used in the valuation.

We evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations.

We agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation.

We challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data.

### Our findings

We completed the procedures as described and we did not identify any material misstatements relating to this area.

We found the assumptions used in the estimate of the pension obligation to be balanced overall.



# Audit of the financial statements: Pension Fund

The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

## Management override of controls

Fraud risk related to the fact that management is in a unique position to manipulate accounting records by overriding controls that otherwise appear to be operating effectively.

### Our procedures

We evaluated the selection and application of accounting policies.

We assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.

We evaluated the design and implementation of controls over journal entries and post-closing adjustments.

We analysed all journals through the year and focused our testing on those with a higher risk.

### Our findings

We completed the procedures as described and we did not identify any material misstatements relating to this area.

**03**

# **Value for Money**

# Value for Money

## Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:



**Financial sustainability:** How the Council plans and manages its resources to ensure it can continue to deliver its services.



**Governance:** How the Council ensures that it makes informed decisions and properly manages its risks.



**Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council's arrangements are operating effectively, or whether the Council has achieved value for money during the year.

## Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

## Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	13	18	19
Identified risks of significant weakness?	✓ Yes	✗ No	✗ No
Actual significant weakness identified?	✓ Yes	✗ No	✗ No
2023-24 Findings	Significant weakness identified	No significant weaknesses	No significant weaknesses
Direction of travel	↔	↔	↗

# Value for Money

## National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

### Local Government Reorganisation

The Government has announced proposals to restructure local government throughout England. County and District councils (and, in some cases, existing Unitary authorities) will be abolished and replaced with new, larger Unitary authorities, which will (in many cases) work together with peers in a regional or sub-regional Combined Authority. Authorities which are unaffected by these proposals may still see changes in local police and fire authorities and in the councils they already work in collaboration with.

Restructuring has, in some cases, resulted in differing views on how services should be provided in their regions – with little consensus on how previously separate organisations will be knitted together. Councils will need to ensure that investment decisions are in the long-term interest of their regions, and that appropriate governance is in place to support decision making.

### Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. For some authorities this presents a significant funding opportunity, whereas for others this reinforces existing financial sustainability concerns and creates new financial planning uncertainties.

### Education

Dedicated funding is provided by central government to run schools. Many schools are now the responsibility of academy trusts, however some schools are still controlled and overseen by the local Council. Dedicated funding is provided by central government to run schools, however due to cost pressures many Councils have overspent against their central government allocation, particularly in relation to “high needs” expenditure (i.e. to support students with special educational needs and disability (SEND)) due to significant demand for specialist placements and Education, Health and Care Plans (EHCPs). Government guidance is awaited on children’s services reform and SEND, and some authorities are delaying transformation programmes until there is clarity on how services should evolve.

An accounting override exists meaning Councils do not need to recognise schools’ deficits as part of their reserves which, for some, avoids Councils becoming insolvent. This override was recently extended to March 2028. However, some have raised concerns that this extension only defers the problem, and the underlying unsustainability of education expenditure has not been resolved.

## Local context

The Council’s approved budget for 2024/25 was £616.9 million. During the year, the Council delivered £26.4 million of savings against a savings target of £32.5 million. Of the £6 million unachieved 2024/25 savings, £1.9 million is expected to be delivered in 2025/26 – the remaining savings relate to Adult Social Care who are developing plans for their permanent delivery. Despite this, the overall 2024/25 outturn position was an underspend of £13.8 million, most of which was transferred into specific earmarked reserves to cover future expenditure.

The capital budget for 2024/25 totalled £147.4 million. Actual expenditure during the year was £131.9 million, giving an in-year underspend of £15.5 million.

The Council is operating with a growing deficit against its Dedicated Schools Grant (DSG). The DSG deficit increased by £32.8 million in 2024/25 to £78.5 million, compared to a General Fund balance at year end of £36.8 million.

Gloucestershire Fire and Rescue Service was revisited by His Majesty’s Inspectorate of Fire & Rescue Services (HMICFRS) in January 2025 to assess progress against the service’s improvement action plan. The inspectorate’s report in March 2025 concluded that sufficient progress had been made to remove two out of its three causes for concern. Since then, further progress has been made and the remaining cause for concern has now been closed.

An Ofsted inspection of Children’s Services recognised that significant progress has been made since the last inspection and the service was rated Good overall with some elements of Outstanding.

# Financial Sustainability

## How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Council plans to bridge its funding gaps and identifies achievable savings;
- How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

The annual budgets were set on a directorate-by-directorate basis by the key service leaders supported by Finance Business Partners. Scrutiny is provided by the Corporate Leadership Team and “Star Chambers”, which involve the service leads, the Leader, Portfolio Holders, the Chief Executive and Executive Director Corporate Resources. The draft budget for 2024/25 was set by Cabinet in January 2024 and was approved by full Council in February 2024. The 2024/25 budget was developed with key pressures and risks in mind, including contractual inflation, pay, estimated increases in demand-led services as a result of demographic changes, and corporate priorities.

Service leads at the Council have overall responsibility for budgets and meet monthly with the Executive Director Corporate Resources and Director of Finance to review financial performance and ensure corrective actions are taken. Quarterly reports are presented to Cabinet and include financial and performance data. The 2024/25 finance outturn report presented to Cabinet on 18 June 2025 reported an underspend of £13.8m against the approved revenue budget of £616.9m.

Savings targets and efficiencies for each directorate are identified as part of the annual budget process. Forecast delivery against these targets is specifically included within the quarterly budget monitoring reports to Cabinet. During the year, the Council delivered £26.4 million of savings against a savings target of £32.5 million. Of the £6 million unachieved 2024/25 savings, £4.7 million related to Adults Services and £1.9 million is expected to be delivered in 2025/26. As with most councils nationally, there are cost pressures within both Adult’s and Children’s Services. The Council recognises the risk as a result of the financial pressures and has implemented increased monitoring through the Children’s Services Financial Recovery Board and the Adults Transformation and Savings Board.

The Council is operating with a growing deficit against its Dedicated Schools Grant (DSG). The DSG deficit increased by £32.8 million in 2024/25 to £78.5 million, compared to a General Fund balance at year end of £36.8 million and usable earmarked reserves of £141.5 million. This is a national issue - DSG and high needs funding pressures are one of the biggest challenges councils with education responsibilities currently face. The rising number of children and young people requiring an Education, Health and Care Plan (EHCP) is a significant driver of these pressures. From our review of documentation and discussions with key management, we are aware that the Executive Director Corporate Resources and the Executive Director of Children’s Service meet monthly with senior staff from the Education and Finance Departments to discuss options and the development of a recovery plan for DSG building on the work undertaken as part of the Delivering Better Value programme with the DfE and with the Schools Forum is still in progress. We consider a more formal plan to be particularly important given the significant value of the deficit at the Council, and the pace at which it is increasing. There has been progress in a number of areas, including revised bandings for special school top-ups, review of EHCP processes and further investment in SEN teams to ensure the review of EHCP funding occurs. Modelling has also been undertaken on options to reduce future deficits and accommodate increasing demand. Proposals to manage the deficit will be taken to Cabinet once the Government’s Schools White Paper has been published. The current statutory override on how DSG deficits are presented has been extended until 31 March 2028. If the statutory override was to be removed then the deficit would need to be met through use of General Fund balances, putting significant pressure on budgets and financial sustainability. As a result, we have identified the DSG deficit as a significant risk that arrangements may contain a significant weakness linked to financial sustainability.

# Financial Sustainability

The Council updates its Medium-Term Financial Strategy (MTFS) annually, with the 4-year plan covering 2024/25 to 2027/28 reviewed and approved by full Council in February 2024. As Section 151 officer, the Executive Director Corporate Resources reported within the Section 25 Statement that the Council's reserves are adequate and the financial standing of the Council is sound in the context of the key risks.

The Council's MTFS for the 4-year period 2025/26 to 2028/29, which was approved by full Council in February 2025, assumes that £6.2m of reserves will be required to be used to balance its budget in 2025/26. The Council's earmarked reserves (excluding schools) as at 31 March 2025 were £141.5m, an increase of £17.2m compared to prior year.

The Council reports quarterly on its performance against forward-looking prudential indicators for its borrowing and lending activity. The prudential indicators for 2024/25 were set within the Capital Strategy and Treasury Management Strategy when the MTFS was approved in February 2024 and updated for the MTFS approved in February 2025. The Council met all of its prudential targets in 2024/25.

Key financial and performance metrics:	2024-25	2023-24
Revenue and capital usable reserves	£290.6m	£278.2m
Gross debt compared to the capital financing requirement	0.47 : 1	0.49 : 1
Year-end borrowings	£228.4m	£236m
Year-end cash position	£76.3m	£53.3m

*Gross debt compared to the capital financing requirement: Authorities are expected to have less debt than the capital financing requirement (i.e. a ratio of under 1 : 1) except in the short term, else borrowing levels may not be considered prudent.*

# Significant Value for Money Risk

1

## Deficit on Dedicated Schools Grant

Risk that value for money arrangements may contain a significant weakness linked to financial sustainability

### Significant Value for Money Risk

The Council is operating with a growing deficit against its Dedicated Schools Grant (DSG). If the current statutory override was to be removed then the deficit would need to be met through use of General Fund balances, putting pressure on budgets and financial sustainability.

There is a risk that the Council does not have adequate arrangements in place to prevent the DSG deficit from increasing.

### Our response

As presented on the earlier slide, this risk arose as a result of the significant weakness reported by the Council's predecessor auditor in their 2022/23 Auditor's Annual Report and the significant weakness reported in the prior year due to the continued deficit increase during 2023/24.

We have reviewed finance reports to Council and discussed the progress in developing the recovery plan with management, including the Executive Director for Children.

### Our findings

The Dedicated Schools Grant deficit in the current year has increased by £32.8m to £78.5m. The Council's outturn report to Cabinet in June 2025 noted that 5-year modelling forecast predicts the DSG deficit could increase beyond £110 million by 31 March 2026 and that, given the ongoing funding challenges with High Needs services, it is expected that deficits will continue in future years.

We are aware that a plan for the DSG deficit is in development with the DfE and with the Schools Forum, but insufficient progress has been made to formalise the plan and set out a pathway to recovery.

### Conclusion

Based on the findings above we have determined that there is a significant weakness in arrangements relating to financial sustainability.

# Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of September 2025
1	<p>The Authority is operating with a growing deficit against its Dedicated Schools Grant. The Dedicated Schools Grant deficit in the current year has increased by £17m to £45m. If the current statutory override was to be removed then the deficit would need to be met through use of General Fund balances, putting pressure on budgets and financial sustainability.</p> <p>We recommend that the Authority develops a robust recovery plan that clearly identifies key actions and milestones for implementation.</p>	<p>The Council acknowledges that the growing DSG deficit is a significant risk to the Council's financial sustainability – this is stated in the S151 officer's section 25 statement in the MTFS document and in the quarterly monitoring reports to Cabinet. The Chief Executive, Executive Director of Corporate Resources (s151 officer) and the Executive Director of Children's Service meet monthly with senior staff from the Education and Finance Departments to monitor the finances, understand the variances and interdependencies, work with politicians on lobbying tactics, develop options and continue to develop the recovery plan building on the work undertaken as part of the Delivering Better Value programme. The ongoing development of the recovery plan is a work in progress.</p>	<p>The DSG deficit increased by £32.8m in 2024/25 to £78.5m, compared to a General Fund balance at year end of £36.8m. From our review of documentation and discussions with key management, we are aware that the development of a recovery plan for DSG with the DfE and with the Schools Forum is still in progress.</p> <p>We therefore consider that there continues to be a significant weakness in arrangements around financial sustainability.</p>



# Governance

## How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

The Council has a risk management policy in place which sets out the Council's approach to risk management. Strategic risks are recorded and identified using the Strategic Risk Register, overseen by quarterly reporting to Cabinet and the Corporate Overview & Scrutiny Committee, with reports provided to the Audit & Governance Committee for assurance. Our review of the risk register found this was sufficiently detailed to effectively manage key risks.

The effectiveness of internal controls is monitored by the Audit & Governance Committee through reporting from Internal Audit, who have an agreed work plan and reports progress to each Audit & Governance Committee, with an annual report taken at the end of the year. Internal Audit is provided by Audit Risk Assurance (ARA) under a shared service agreement between the Council, Stroud District Council and Gloucester City Council. There is a dedicated Counter Fraud Team (CFT) within ARA (Internal Audit). The Annual Report of the Head of Audit Risk Assurance 2024/25 was presented to the Audit & Governance Committee in July 2025 and included the Head of Internal Audit opinion that, overall, an 'Acceptable Level of assurance can be provided in connection with the Council's internal control, governance and risk environment', which is consistent with the prior year.

The Council has in place a staff code of conduct and whistleblowing policy. Specific guidance is in place for teams and managers via standards of behaviour for these roles. The Whistleblowing Policy is reviewed and refreshed as necessary by the Monitoring Officer and approved by the Constitution Committee. A register of interest is in place together with a policy for gifts and hospitality with regular reporting of entries on the register taking place to the Audit & Governance Committee.

The Corporate Legal Team have responsibility for monitoring compliance with legislation. Compliance is monitored through the Annual Governance Statement process with compliance statements produced by each Directorate.

Service leads at the Council have overall responsibility for budgets and meet monthly with the Executive Director Corporate Resources and Director of Finance to review financial performance and ensure corrective actions are taken. Quarterly reports are presented to Cabinet and include financial and performance data.

Key strategic decisions are made via the Council's governance process. A scheme of delegation is in place which sets out where different decisions/approvals should take place. Major decisions require business cases to be approved through the relevant oversight group.

In January 2025, CQC published a local authority assessment which was Requires Improvement. We note that this was in line with the self-assessment made by the Council. The report was presented and discussed at the Adult Social Care and Communities Scrutiny Committee in March 2025 and an update on the progress of actions included in the inspection action plan is incorporated into the Adult Social Care update provided by the Executive Director for Adult Social Care, Wellbeing and Communities at each meeting.

After year end, Ofsted published its report following an inspection of Children's Services. Since the last inspection in 2022, when services were judged to Require Improvement, significant progress has been made and the service was rated Good overall with some elements of Outstanding.

# Improving economy, efficiency and effectiveness

## How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

The primary mechanism for budgetary planning is the Medium-Term Financial Strategy (MTFS) which details the level of financial support available to deliver the Corporate Strategy. The Council uses benchmarking to compare its service performance and costs to its statistical neighbours and has a good understanding of the unit costs of its services.

The Council's corporate strategy "Building Back Better in Gloucestershire – 2022-26" was approved by the Council in February 2022. Performance against this strategy and associated service plans is monitored through the quarterly performance monitoring to the Corporate Overview and Scrutiny Committee. The performance reports contain comprehensive performance scorecards which cover the priorities as set out in the corporate plan and include details on whether performance measures were on target or below target, the reasons for underperformance and any actions being taken to address the issues.

The corporate strategy explicitly identifies the importance and input of specific partnerships, such as with NHS Gloucestershire Integrated Care Board, to achieving the Council's objectives. The quarterly performance reports to the Corporate Overview and Scrutiny Committee includes performance monitoring for key partners.

The Council's planned implementation of a new finance system, which is expected to address previously identified control weaknesses, has been further delayed. The finance system replacement was included in the Annual Governance Statement action plan for 23/24 and 24/25, therefore there is visibility of actions being taken and monitoring at Audit & Governance Committee on progress. In response to the delays, the Council have established an ICT Governance Board to oversee the ICT transformation programme, including the finance system replacement. A specific risk relating to IT is also included in the Strategic Risk Register, which is reviewed by the Corporate Overview and Scrutiny Committee. We consider that these arrangements are appropriate and have not identified a VFM risk in relation to this.

Gloucestershire Fire and Rescue Service was revisited by His Majesty's Inspectorate of Fire & Rescue Services (HMICFRS) in January 2025 to assess progress against the service's improvement action plan. The inspectorate's report in March 2025 concluded that sufficient progress had been made to remove two out of its three causes for concern. Since then, further progress has been made and the remaining cause for concern has now been closed and Gloucestershire Fire and Rescue Service has been removed from an enhanced level of monitoring.

Following the publication of the English Devolution White Paper on 16 December 2024, the Minister of State for Local Government and English Devolution wrote to all councils in two-tier areas and small neighbouring unitary authorities in February 2025 to formally invite proposals for local government reorganisation (LGR). Gloucestershire councils responded to the Minister for Local Government's invitation to submit an interim plan for Local Government Reorganisation on 21 March 2025. This detailed both single-unitary and two-unitary options. Cheltenham Borough Council also submitted an additional proposal for a two-unitary split. The councils in Gloucestershire have been proactive in seeking to engage with local residents, publishing a county-wide local government reorganisation survey to gather data and insights from residents and stakeholders to inform the development of proposals and hosting a series of in-person events for residents to talk directly to representatives from local councils. The Council is currently developing its list of proposals, which are expected to be submitted by the end of November 2025.



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