COTSWOLD
DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019/2020 (DRAFT & UNAUDITED)

CONTENTS

Cotswold District Council

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

The population is approximately 89,000, which given its size of 450 square miles and its largely rural character means that there is a low density of population which in turn affects the costs of providing services. The District also has an ageing population and has the highest proportion of people aged 65 and over in the County. People living in Cotswold District are more likely to experience a good quality of life than elsewhere in Britain. Many parts of the District are in the least deprived 20% in England, with no parts in the most deprived 20%.

Our Aims and Priorities

The Council held its local elections in May 2019. This resulted in a change of political control from Conservative to Liberal Democrat. The new administration has set out its aims, priorities and underlying principles that will set the direction for the Corporate Strategy for the Council for the next four years.

The proposed aim for the new Corporate Strategy is:

Rebuild the Council so it can be proactive and responsive to the needs of our residents and businesses in a fast changing environment, building for the future whilst respecting our heritage.

Key areas of focus will be:

- Respond to the challenges presented by the Climate Change Emergency
- Deliver good quality social rented homes
- Present a Local Plan which is Green to the Core
- Ensure that all services delivered by the Council are delivered to the highest standard
- Help residents, businesses and communities access the support they need to achieve their ambitions

The financial impact of these new priorities was reflected in the update to the Medium Term Financial Strategy during 2019/20.

Each quarter, the Council monitors its progress towards achieving its aim and priorities, service delivery and financial performance. While the new Corporate Strategy is in development, the focus of reporting during 2019/20 has been on service delivery and financial performance.

The Covid-19 pandemic impacted at the very end of the year and therefore the full impact of this has not been felt in the 2019/20 statement of accounts. The Council is expecting significant challenges in the year ahead as it deals with the on-going crisis.

Publica Group (Support) Limited

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

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

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

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 10 year MTFS, the latest being approved by Council on 26 February 2020. This latest update reflected announcements in the local government settlement for 2020/21 and the potential loss of government funding from Business Rates Retention, New Homes Bonus and Rural Services Delivery Grant. For 2020/21 income from these funding sources is almost £7 million. By 2023/24, this income could reduce by around £4 million.

The MTFS and budget proposals were updated to include the financial implications of the Council's new priorities. In particular annual funding of £70,000 was made available for an officer to develop and lead for the delivery of an action plan to address the Council's Climate Change Emergency Declaration.

The latest update also reflected the implications of making pension fund deficit contributions to the Local Government Pension Fund early in 2020/21 rather than at monthly intervals over the course of the next three years.

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

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Net Cost of Service	12,260	11,246	10,693	10,192
Central Government Funding	(6,921)	(4,879)	(3,723)	(2,926)
Council Tax	(5,601)	(5,879)	(6,164)	(6,455)
Collection Fund (Surplus) / Deficit	49	(100)	(100)	(100)
Budgeted (Surplus) / Deficit	**(213)**	**388**	**706**	**711**

Retained Business Rates & Pool Pilot

The Council has been part of the Gloucestershire 50% Business Rate Pool Pilot for 2019/20. The MTFS assumes that any windfall gain associated with the Business Rates Pool in 2020/21 will be allocated to the Council Priorities Fund.

A significant level of risk remains due to the volume of outstanding appeals against the 2010 valuation list and a new 2017 list came into effect in April 2017 together with a new Check, Challenge and Appeal process, replacing the former appeals process.

The MTFS has been updated to include the latest Business Rates estimates and assumes that the Council will be compensated (through Section 31 grant) for the impact on Business Rates which relate to any nationally announced discounts or reliefs to businesses.

Council Tax

The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered as excessive Council Tax, including proposed limits.

MHCLG proposed a maximum Council Tax increase of 3% or £5 for 2020/21. The MTFS assumes increases of £5 per annum on a Band D property to 2020/30.

Financial Assumptions

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

- provision for the impact of pay inflation on the Publica contract sum of 2.5% for 2020/21 and each year thereafter;
- provision for service contract inflation;
- investment interest returns are expected to generate a 1% return with pooled funds expected to generate a higher 3% return;
- inflationary increase of 1.8% to central government funding
- £435,000 in additional net revenue from car parking through both extra income and cost savings.
- growth in Council Tax base of 1.2% per annum;

Savings Targets

MTFS savings targets are split between those which are deliverable, planned savings and additional savings which may be required depending on the impact of changes to central government funding. Planned savings amount to £394,000 over the next three years.

Reflecting anticipated changes in central government funding and other budget pressures, an additional £6.145m savings over the next six years have been included. High level targets are in place for addressing the gap including a commercialisation strategy which will include a wide range of initiatives to deliver additional income to the Council or provide savings.

A clearer picture of the level of savings required will emerge once the government publishes its final decisions from: Spending Review 2020, Fairer Funding Review, 75% Business Rates Retention and New Homes Bonus Scheme. The Council has some General Fund Working Balance to smooth the budget gap in the short term and to provide the Council with time to develop plans to generate alternative income or deliver savings in future years should this become necessary.

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

The MTFS will be revised in light of the Covid-19 pandemic to ensure the Council remains financially viable for the duration of the current MTFS.

Financial Performance

The Council's 2019/20 budget strategy assumed a balanced budget with a budgeted use of General Fund of £164,313.

The outturn position resulted in a contribution from the General Fund of £434,890 an increase of £270,677 on the budgeted use.

The significant items that have affected the services outturn are as follows:

Income
Overall income was lower than budgeted throughout the year and the Covid-19 pandemic had a further negative effect on levels of income collected in the final month of the year. Planning application fees were £422,289 under target.

Recycling income from the sale of other material was also £149,271 lower than expected due to lower commodity prices paid for cardboard and paper.

Expenditure
The majority of the Council's staffing resource is supplied under contract from Publica. The Publica net contract sum for 2019/20 was £8,617,276, excluding contribution to the Service Modernisation programme. Publica invoice the Council according to its agreed contract sum for the first 11-months of the year, with reconciliation to the actual cost of the contract at the end of the year.

At the year end, Publica had generated a surplus of contributions from its Members of £362,000 arising from delivery of budgeted and additional one-of savings. After adjustments in respect of balances due to or from its Members, the Council is due to receive a refund of excess contribution from Publica of £90,671.

The Council's Environmental Services (grounds maintenance, domestic waste collection, recycling collections, etc.) are provided by Ubico Ltd. The Ubico Ltd. contract costs for 2019/20 were underspent by £134,190.

Operational Performance and Efficiency

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

During the year, there were some notable performances including:

- The satisfaction rate for Council services delivered both face to face and by telephone are high at 98% (face to face), 99% (telephone – advisors), and 95% (telephone - services). In comparison to other councils, this Council frequently ranks in the top ten best performers

- Percentage of (official) land charge searches received and dispatched within 10 working days (Actual: 99.34%; Target: 90%).

- Cumulative time taken to process Housing Benefit/Council Tax Support change events (days) (Actual: 3.49 days; Target: 5 days)

- Residual household waste per household (kg) (Actual: 375 kg; Target: 384 kg).

Three indicators fell short of their annual targets; one in each of the following services: Customer Services; Waste Service and Leisure and Communities:

- Percentage of complaints responded to within 10 working days (Actual: 77.78%; Target: 90%).

- Percentage of properties with a garden waste licence against the total number of occupied properties in the District (Actual: 51.3%; Target: 54%).

- Business Engagement: Percentage increase (against the baseline) in membership of Cotswolds Tourism (Actual: -1.75%; Target: 5%).

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

Capital Programme (Asset Management)

In 2019/20 £7.66m was spent against a capital budget of £16.61m. Significant expenditure included £2.18m for the purchase of an investment property, £3.25m acquisition of 16 recycling and 5 food waste vehicles as part of the waste services review and £0.96m in respect of redesign and refurbishment programme at the Corinium Museum.

Not all schemes planned for the year were undertaken including:

- Cirencester Car Parking – budget of £1.88m; a Council decision to construct a carbon neutral car park has required some additional work. It is now anticipated a report will be presented to Cabinet in July seeking agreement to submit a planning application and expenditure will occur in 2020/21.

- Cirencester Leisure Centre – Gym and Studio Expansion – budget of £1.20m; the council was in discussions with their contractor (SLM) to develop the scheme but discussions have been delayed due to the Covid-19 pandemic.

- Electric vehicles charging points – budget of £0.45m; contract was awarded in February 2019 but work has stalled due to the Covid-19 pandemic. It is expected the project will continue in 2020/21.

Budgets for ongoing projects have been carried forward into 2020/21, with other budgets being reallocated or removed from the capital programme.

EXPENDITUE	OUTTURN 2019/20 £000	MTFS 2020/30 £000
Private Sector Housing	750	7,000
ICT Infrastructure	215	2,080
Waste/Env. Vehicles & Equip.	3,300	7,012
Community Projects	41	500
Car Parking	190	13,075
Corinium Museum	960	0
Property	2,183	0
Electric Vehicle Charging Points	0	1,500
Rural Broadband	0	500
Leisure Services & Equipment	0	2,130
Finance and HR system	0	15
Commercialisation Strategy	0	65,000
Total Expenditure	**7,662**	**98,812**
FUNDING		
Borrowing	0	60,990
Revenue Contributions	250	2,500
Grants and contributions	1,467	24,000
Capital Receipts & Reserves	5,945	11,322
Total Expenditure	**7,662**	**98,812**

Pensions Liability

The pension liability as at 31 March 2020 was £40.05m (£47.54m as at 31 March 2019). Whilst a significant sum, this is the net value of what the Council owes across all future years offset against assets invested in the Local Government Pension Scheme.

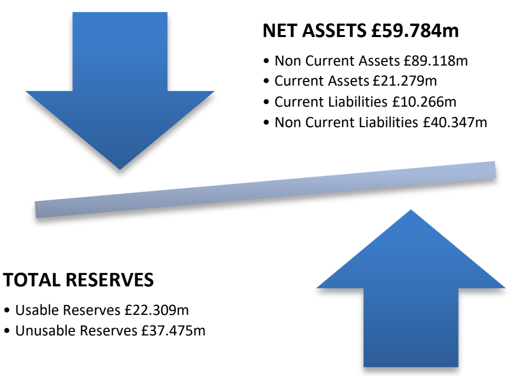
The Council's share of pension fund assets fell by £6.15m however the overall net liability has fallen by £7.49m due to a significant reduction in the pension fund liabilities of £13.64m.

The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has increased, it has led to an increased discount rate, which reduces the future value. The fund is revalued and contribution rates set every three years. The most recent valuation was 31 March 2019.

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

Financial Position

The Council continues to maintain a strong Balance Sheet, increasing its Net Assets by £6.47m on last year's positon.



Significant movements were:

- £1.31m upward valuation of Property, Plant & Equipment
- £1.74m increase in Investment Property
- £2.18m decrease in non-current investments
- £2.13m increase in non-current debtors
- £4.01m decrease in current investments
- £7.49m decrease in pension liability

Risk Management.

The Corporate Risk Register was updated during 2019/20 and reviewed by the Shared Risk Management Group. The Shared Risk Management Group comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a ‘primary’ risk.

At the end of 2019/20, there were 3 primary risks on the register:

- If the Local Government settlement over the medium term is unfavourable then the Council’s savings targets may need to increase. The MTFS approved by Council in February 2020 included an estimate of the likely impact of the changes to local government funding from 2020/21 onwards which provides the Council with the context in which to take decisions.

- If unavoidable budget pressures exceed provision within the MTFS, the Council will need to find additional income or savings, use its reserves, or there may be pressure on services or tax levels and agreed budget targets will not be met. Further uncertainty has subsequently arisen following the impact of the Covid-19 pandemic and plans are to be reviewed to consider the impact.

- If Ubico Ltd. is unable to deliver the Council’s waste services to the required standard then it could damage the Council's reputation and result in additional costs for the Council. The waste fleet has deteriorated before expected, resulting in high levels of breakdown, and as a consequence is impacting on residents and increasing service costs.

A register of strategic and operational risks related to Covid-19 was developed in April 2020 to specifically consider the impact on the Council and a report was presented to Cabinet on 1st June 2020 setting out the scale of the financial challenge on both additional expenditure and loss of income.

The Council is reporting the financial impact of Covid-19 to the MHCLG on a monthly basis; and to date, has received a total of £941,887 of additional funding. Without further government funding, the Council forecasts net additional costs and lost income in 2020/21 of around £2.5 million which exceeds the forecast level of the General Fund Balance.

In addition, the longer term impact of the projected economic downturn on overall public expenditure and local government finances needs to be considered.

Facing the Challenges Ahead

The UK’s departure from the EU had been the focus of central government activity throughout 2019/20. The 29 March 2019 Brexit deadline was extended to to 12 April, then to 31 October and finally to 31 January 2020. The UK’s tenuous progress negotiating its exit from the EU together with its future trading arrangements has driven volatility. The outcome of December’s General Election removed a lot of the uncertainty and looked set to provide a ‘bounce’ to confidence and activity.

The headline rate of UK Consumer Price Inflation fell to 1.7% year/year in February, below the Bank of England’s target of 2%. Labour market data remained positive. The ILO unemployment rate was 3.99% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay was 3.1% in January 2020, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in the last quarter of 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the times were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below trend at 1.1%.

Then coronavirus swiftly changed everything. Covid-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis.

The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% and then to a record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

The key challenge currently facing the Council is the impact of Covid-19 and is working to support local businesses and residents across the district including:

- Supporting business – rate relief and grants for businesses and have helped 233 businesses to date.

- Supporting residents – the Council is supporting vulnerable residents and is working with partners to maintain essential services whilst redeploying staff to new areas of work to help deal with the crisis.

- Volunteering opportunities – Gloucestershire councils and partners have created a community help hub to connect local people who need help, with other who can provide the support

Virtual Council meetings have been held to maintain open and transparent decision making whilst observing social distancing. Covid-19 pages on the Council website are regularly updated and provide further information.

The Government's lockdown announced on 23 March has meant that many local businesses across the district have had to close impacting on the local economy. The way in which the Council operates has also changed dramatically, with a large majority of staff now working from home

Additional costs resulting from the pandemic will be felt during 2020/21. The Council is expecting losses across revenue streams such as licensing and planning fees, car parking fees and reduced investment income and investment property rental income. Expenditure pressures will also be felt across services.

Although difficult to quantify the impact of Covid-19 it is expected that the financial pressures will be significant – even after the Government's emergency Covid-19 funding for local authorities is taken into account. The Council is however in the fortunate position of having general fund reserve balances to draw upon.

As lockdown restrictions are eased the Council faces new challenges and opportunities. The key priorities identified in the Council Plan may need to be amended or supplemented in light of the pandemic; this will be considered during the preparation of a Covid-19 Recovery Plan

Recovery will take time and will be complex. This reflects the multifaceted nature of the impacts created by the crisis. The Council will be looking to revisit the assumptions included in the last iteration of the Medium Term Financial Strategy in recognition of the impact of the pandemic.

As part of the Recovery Plan, the Council's budget for 2020/21 will be revised in September 2020. This will enable financial performance to be monitored against the original and revised budgets. In addition, a refresh of the Medium Term Financial Strategy is also required which reflects the revised use of revenue reserves in 2020/21, the Government announcements of a delay to the implementation of the Fairer Funding Review and the 75% Business Rates Retention Scheme and ties in with the Covid-19 Recovery Plan.

In order to maintain the current level of General fund reserve over the longer term, it is likely that the Council will need to find further budgetary savings over the life of the MTFS. These savings can be generated through increasing efficiency gains (although a great deal of work have already taken place in this respect), increasing income from fees and charges, increasing Council Tax income or reviewing service provision, particularly the provision of discretionary services.

Operationally, the Council will be working with its service delivery company, Publica, to implement a service modernisation programme which aims to deliver savings of £318,000 to the Council's revenue budget over the next three years. In addition to significant savings, the programme also aims to improve services to customers by utilising new technology and designing services putting the customer needs first.

The Council is preparing a Commercialisation Strategy with the aim of generating new income streams. This will help the Council to address the predicted cuts to government funding and loss of income and increased costs arising from the Covid-19 pandemic .The Commercialisation Strategy will require capital investment and the Capital Programme has been updated to include provision for investment of £65 million. It is anticipated that this investment will be partially funded from borrowing and partially funded through grants from third parties. The Commercialisation Strategy will link in with other Council priorities of climate change, social housing provision and economic development.

The business case for car park investment is in development and will need to reflect the potential impact of Covid-19 on demand for car parking. It is anticipated that the business case will be considered by Council later this year.

Further information

For further information on the accounts please contact: Jenny Poole, Chief Finance Officer, Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX; or via email at Jenny.Poole@Cotswold.gov.uk.

Jenny Poole CPFA
Chief Finance Officer

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2020. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The **Core Statements** are:

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

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

Reserves are divided into "usable", which can be invested in service improvements or capital investment, and "unusable" which must be set aside for specific purposes.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2020.

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

The **Supplementary Statements** are:

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

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

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities

The Authority is required to:

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

The Chief Finance Officer's responsibility

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

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

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

The Chief Finance Officer has also:

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

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the authority at the accounting date and of its income and expenditure for the year ended 31st March 2020.

______________________________ Date: ____________

Jenny Poole
Chief Finance Officer

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

______________________________ Date: ____________

Cllr. Patrick Coleman
Chairman of the Audit Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2018/2019 Gross Expenditure £	2018/2019 Gross Income £	2018/2019 Net Expenditure £		Note	2019/2020 Gross Expenditure £	2019/2020 Gross Income £	2019/2020 Net Expenditure £
			Joint Committee / Shared Services				
1,041,933	(558,475)	483,458	Environmental and Regulatory Services		1,184,257	(535,276)	648,981
2,500,232	(1,244,830)	1,255,402	GO Shared Services		2,632,529	(1,214,411)	1,418,118
2,063,442	(116,345)	1,947,097	ICT, Change and Customer Services		2,200,573	(149,819)	2,050,754
1,468,366	(773,055)	695,311	Land, Legal and Property Services		1,644,316	(758,757)	885,559
516,622	0	516,622	Partnership MD and 2020 Programme Costs		192,387	0	192,387
18,012,237	(17,557,973)	454,264	Revenues and Housing Support Services		15,883,649	(15,463,064)	420,585
			Strategic Directors				
1,136,097	(125,309)	1,010,788	Democratic Services		1,846,821	(475,010)	1,371,811
8,213,132	(4,673,727)	3,539,405	Environmental Services		8,866,722	(4,457,131)	4,409,591
2,127,937	(919,514)	1,208,423	Leisure and Communities Services		2,014,817	(952,276)	1,062,541
3,405,433	(1,589,071)	1,816,362	Planning and Strategic Housing Services		2,812,956	(1,070,484)	1,742,472
1,533,503	(476,405)	1,057,098	Other Retained Services		1,250,338	(468,544)	781,794
42,018,934	**(28,034,704)**	**13,984,230**	**Cost of Services**		**40,529,365**	**(25,544,772)**	**14,984,593**
2,960,269	(1,072,967)	1,887,302	Other Operating Expenditure	*B3*	3,173,229	(624,329)	2,548,900
1,650,092	(1,117,379)	532,713	Financing and Investment Income and Expenditure	*B4*	3,546,552	(1,421,520)	2,125,032
0	(16,041,932)	(16,041,932)	Taxation and Non-Specific Grant Income	*B5*	0	(16,552,538)	(16,552,538)
46,629,295	**(46,266,982)**	**362,313**	**(Surplus) / Deficit on Provision of Services**	*B1/B2*	**47,249,146**	**(44,143,159)**	**3,105,987**
		(10,459,988)	(Surplus) / deficit on revaluation of non current assets				(1,216,687)
		0	(Gains)/ losses on financial instruments desingated at Fair Value through Other Comprehensive Income				20,000
		7,212,000	Remeasurement of the net defined benefit liability				(8,380,000)
		(3,247,988)	**Other Comprehensive Income and Expenditure**				**(9,576,687)**
		(2,885,675)	**Total Comprehensive Income and Expenditure**				**(6,470,700)**

MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
Balance at 31 March 2018		**(4,831,975)**	**(7,546,916)**	**(12,303,096)**	**(59,749)**	**(24,741,736)**	**(25,686,112)**	**(50,427,848)**
Transfer of Available for Sale Financial Instruments Reserve balance on transition to IFRS9		(69,001)	0	0	0	(69,001)	69,001	**0**
Movements in reserves 2018/19		811,658	(811,658)	0	0	0	0	**0**
Total Comprehensive Income and Expenditure		362,313	0	0	0	362,313	(3,247,988)	**(2,885,675)**
Adjustments between accounting basis & funding basis under regulations	*C1*	(1,183,143)	50,000	(2,308,661)	0	(3,441,804)	3,441,804	**0**
(Increase) / Decrease in Reserves 2018/19		**(78,173)**	**(761,658)**	**(2,308,661)**	**0**	**(3,148,492)**	**262,817**	**(2,885,675)**
Balance at 31 March 2019		**(4,910,148)**	**(8,308,574)**	**(14,611,757)**	**(59,749)**	**(27,890,228)**	**(25,423,295)**	**(53,313,523)**
Movements in reserves 2019/20		(230,258)	230,258	0	0	0	0	**0**
Total Comprehensive Income and Expenditure		3,105,987	0	0	0	3,105,987	(9,576,687)	**(6,470,700)**
Adjustments between accounting basis & funding basis under regulations	*C1*	(2,440,839)	266,738	4,663,061	(13,930)	2,475,030	(2,475,030)	**0**
(Increase) / Decrease in Reserves 2019/20		**434,890**	**496,996**	**4,663,061**	**(13,930)**	**5,581,017**	**(12,051,717)**	**(6,470,700)**
Balance at 31 March 2020		**(4,475,258)**	**(7,811,578)**	**(9,948,696)**	**(73,679)**	**(22,309,211)**	**(37,475,012)**	**(59,784,223)**

BALANCE SHEET

31st March 2019 £		*Note*	31st March 2020 £
67,054,322	Property, Plant & Equipment	*D1*	68,359,429
17,000	Heritage Assets		17,000
4,829,000	Investment Property	*D2*	6,571,000
141,487	Intangible Assets	*D3*	75,932
12,300,527	Non-Current Investments	*E3*	10,123,768
1,842,500	Non-Current Debtors	*D4*	3,971,377
86,184,836	**Non-Current Assets**		**89,118,506**
13,189,806	Investments	*E3*	9,175,814
15,867	Inventories		15,198
5,170,264	Debtors	*D5*	6,399,067
7,011,910	Cash and Cash Equivalents	*E3*	5,688,585
25,387,847	**Current Assets**		**21,278,664**
0	Cash and Cash Equivalents	*E3*	(231,393)
(6,412,216)	Creditors	*D6*	(6,803,710)
(1,885,901)	Creditors - s.106 balances	*D6*	(2,178,811)
(2,063,795)	Provisions	*D7*	(1,052,314)
(10,361,912)	**Current Liabilities**		**(10,266,228)**
(47,541,000)	Other Non-Current Liabilities	*E2*	(40,047,000)
(86,365)	Finance Lease Liabilities	*E5*	(62,936)
(269,883)	Capital Grants Receipts in Advance	*B9*	(236,783)
(47,897,248)	**Non-Current Liabilities**		**(40,346,719)**
53,313,523	**Net Assets**		**59,784,223**
(27,890,228)	Usable reserves	*C2*	(22,309,211)
(25,423,295)	Unusable Reserves	*C3*	(37,475,012)
(53,313,523)	**Total Reserves**		**(59,784,223)**

These financial statements were certified by the Chief Finance Officer on xx July 2020.

Jenny Poole
Chief Finance Officer

B1. Expenditure and Funding Analysis

	2019 / 2020					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Joint Committee						
Environmental and Regulatory Services	648,981	(193,572)	0	455,409	32,261	487,670
GO Shared Services	1,418,118	(353,720)	0	1,064,398	17,612	1,082,010
ICT, Change and Customer Services	2,050,754	(285,921)	0	1,764,833	26,806	1,791,639
Land, Legal and Property Services	885,559	(210,702)	0	674,857	98,543	773,400
Partnership MD and 2020 Programme Costs	192,387	(15,705)	0	176,682	1,493	178,175
Revenues and Housing Support Services	420,585	(165,673)	0	254,912	24,768	279,680
Strategic Directors						
Democratic Services	1,371,811	(140,101)	0	1,231,710	30,518	1,262,228
Environmental Services	4,409,591	(514,794)	0	3,894,797	440,852	4,335,649
Leisure and Communities Services	1,062,541	(311,710)	0	750,831	185,722	936,553
Planning and Strategic Housing Services	1,742,472	(419,627)	0	1,322,845	44,547	1,367,392
Other Retained Services	781,794	1,796,777	(230,258)	2,348,313	(1,638,584)	709,729
Cost of Services	**14,984,593**	**(814,748)**	**(230,258)**	**13,939,587**	**(735,462)**	**13,204,125**
Other Income and Expenditure	(11,878,606)	(1,626,091)	0	(13,504,697)	735,462	(12,769,235)
(Surplus) / Deficit on Provision of Services	**3,105,987**	**(2,440,839)**	**(230,258)**	**434,890**	**0**	**434,890**
Opening General Fund Balance (Unallocated) at 1 April				(4,910,148)		
(Surplus) / Deficit for the year				434,890		
Closing General Fund Balance (Unallocated) at 31 March				**(4,475,258)**		

	2018 / 2019					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Joint Committee						
Environmental and Regulatory Services	483,458	(163,663)	0	319,795	26,125	345,920
GO Shared Services	1,255,402	(284,989)	0	970,413	17,690	988,103
ICT, Change and Customer Services	1,947,097	(246,381)	0	1,700,716	27,147	1,727,863
Land, Legal and Property Services	695,311	(159,804)	0	535,507	99,930	635,437
Partnership MD and 2020 Programme Costs	516,622	(14,846)	0	501,776	1,520	503,296
Revenues and Housing Support Services	454,264	(175,064)	0	279,200	83,398	362,598
Strategic Directors						
Democratic Services	1,010,788	(100,617)	0	910,171	15,850	926,021
Environmental Services	3,539,405	(500,170)	0	3,039,235	316,559	3,355,794
Leisure and Communities Services	1,208,423	(643,669)	0	564,754	892,955	1,457,709
Planning and Strategic Housing Services	1,816,362	(379,815)	0	1,436,547	46,282	1,482,829
Other Retained Services	1,057,098	1,200,469	811,658	3,069,225	(1,555,262)	1,513,963
Cost of Services	**13,984,230**	**(1,468,549)**	**811,658**	**13,327,339**	**(27,806)**	**13,299,533**
Other Income and Expenditure	(13,621,917)	285,406	0	(13,336,511)	27,806	(13,308,705)
(Surplus) / Deficit on Provision of Services	**362,313**	**(1,183,143)**	**811,658**	**(9,172)**	**0**	**(9,172)**
Opening General Fund Balance (Unallocated) at 1 April				(4,900,976)		
(Surplus) / Deficit for the year				(9,172)		
Closing General Fund Balance (Unallocated) at 31 March				**(4,910,148)**		

Adjustments in the Expenditure and Funding Analysis

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

	2019 / 2020						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation £	Other Segment Adjs. £	Total Management Reporting Adjustments £
Joint Committee							
Environmental and Regulatory Services	(32,261)	(161,311)	0	(193,572)	32,261	0	32,261
GO Shared Services	(17,612)	(336,108)	0	(353,720)	17,612	0	17,612
ICT, Change and Customer Services	(26,806)	(259,115)	0	(285,921)	26,806	0	26,806
Land, Legal and Property Services	(98,543)	(112,159)	0	(210,702)	98,543	0	98,543
Partnership MD and 2020 Programme Costs	(1,493)	(14,212)	0	(15,705)	1,493	0	1,493
Revenues and Housing Support Services	(24,768)	(140,905)	0	(165,673)	24,768	0	24,768
Strategic Directors							
Democratic Services	(30,518)	(109,583)	0	(140,101)	30,518	0	30,518
Environmental Services	(454,590)	(60,204)	0	(514,794)	440,852	0	440,852
Leisure and Communities Services	(227,217)	(84,493)	0	(311,710)	892,813	(707,091)	185,722
Planning and Strategic Housing Services	(44,547)	(375,080)	0	(419,627)	44,547	0	44,547
Other Retained Services	(111,393)	1,908,170	0	1,796,777	(1,638,584)	0	(1,638,584)
Cost of Services	**(1,069,748)**	**255,000**	**0**	**(814,748)**	**(28,371)**	**(707,091)**	**(735,462)**
Other Income and Expenditure	409,742	(1,141,000)	(894,833)	(1,626,091)	28,371	707,091	735,462
(Surplus) / Deficit on Provision of Services	**(660,006)**	**(886,000)**	**(894,833)**	**(2,440,839)**	**0**	**0**	**0**

	2018 / 2019						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation £	Other Segment Adjs. £	Total Management Reporting Adjustments £
Joint Committee							
Environmental and Regulatory Services	(26,125)	(137,538)	0	(163,663)	26,125	0	26,125
GO Shared Services	(17,690)	(267,299)	0	(284,989)	17,690	0	17,690
ICT, Change and Customer Services	(27,147)	(219,234)	0	(246,381)	27,147	0	27,147
Land, Legal and Property Services	(99,930)	(59,874)	0	(159,804)	99,930	0	99,930
Partnership MD and 2020 Programme Costs	(1,520)	(13,326)	0	(14,846)	1,520	0	1,520
Revenues and Housing Support Services	(30,283)	(144,781)	0	(175,064)	30,283	53,115	83,398
Strategic Directors							
Democratic Services	(15,850)	(84,767)	0	(100,617)	15,850	0	15,850
Environmental Services	(450,346)	(49,824)	0	(500,170)	316,559	0	316,559
Leisure and Communities Services	(579,968)	(63,701)	0	(643,669)	892,955	0	892,955
Planning and Strategic Housing Services	(46,282)	(333,533)	0	(379,815)	46,282	0	46,282
Other Retained Services	(92,408)	1,292,877	0	1,200,469	(1,504,438)	(50,824)	(1,555,262)
Cost of Services	**(1,387,549)**	**(81,000)**	**0**	**(1,468,549)**	**(30,097)**	**2,291**	**(27,806)**
Other Income and Expenditure	1,082,773	(1,059,000)	261,633	285,406	30,097	(2,291)	27,806
(Surplus) / Deficit on Provision of Services	**(304,776)**	**(1,140,000)**	**261,633**	**(1,183,143)**	**0**	**0**	**0**

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

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

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

B2. Expenditure and Income Analysed by Nature

	2018/19 £	2019/20 £
Expenditure		
Employee benefits expenses	2,867,877	3,010,202
Publica Contract Charge	9,131,531	9,263,086
Housing Benefit & other transfer payments	15,970,175	13,971,454
Other service expenses	11,659,956	12,530,875
Depreciation, amortisation and impairment	1,507,348	1,641,427
Interest payments and similar expense	1,060,882	1,144,361
Precepts and Levies	2,960,269	3,173,229
Other expenditure	1,471,257	2,514,512
Total Expenditure	**46,629,295**	**47,249,146**
Income		
Fees, charges & other service income	(8,881,903)	(8,263,622)
Housing Benefit Subsidy	(15,568,936)	(13,738,038)
Other Government Grants	(7,050,108)	(8,154,368)
Income from Council Tax	(8,122,091)	(8,486,763)
Income from Non Domestic Rates	(2,325,204)	(1,554,999)
Non Government Grants & Contributions	(2,128,395)	(1,902,685)
Investment interest and similar income	(1,117,379)	(1,418,355)
Other income	(1,072,966)	(624,329)
Total Income	**(46,266,982)**	**(44,143,159)**
(Surplus) / Deficit on Provision of Services	**362,313**	**3,105,987**

B3. Other Operating Income & Expenditure

	2018/19 £	2019/20 £
(Gains) / losses on disposal of non current assets	0	(32,709)
Unattached capital reciepts	(1,072,967)	(591,620)
Town and Parish Council support grant	31,143	0
Town and Parish Council precepts	2,929,126	3,173,229
	1,887,302	**2,548,900**

B4. Financing and Investment Income and Expenditure

	2018/19 £	2019/20 £
Interest payable and similar charges	1,882	3,361
Interest receivable and similar income	(515,149)	(667,274)
Changes in fair value of financial assets	198,594	1,144,396
Loss on de-recognition of financial assets	0	5,721
Movement in impairment allowance for doubtful debts	2,292	(3,165)
Movement in the fair value of investment property	214,400	441,020
Net investment property (income) / expenditure	(428,306)	59,973
Net interest on the net defined benefit pension liability	1,059,000	1,141,000
	532,713	**2,125,032**

B5. Taxation and Non Specific Grant Income

	2018/19 £	2019/20 £
National Non Domestic Rates		
- Redistribution	(2,926,675)	(1,874,300)
- Safety Net Levy	249,323	593,143
- (Surplus) / Deficit	352,148	(273,842)
	(2,325,204)	(1,554,999)
Council Tax income	(8,122,091)	(8,486,763)
Non-ringfenced government grants	(5,594,637)	(6,510,776)
	(16,041,932)	**(16,552,538)**

B6. Members' Allowances

	2018/19 £	2019/20 £
Basic and Special Responsibility Allowances	207,437	283,675
Expenses	13,052	15,080
	220,489	**298,755**

B7. External Audit Costs

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

	2018/19 £	2019/20 £
External audit services carried out by the appointed auditor	34,557	34,557
	34,557	**34,557**

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

In addition to the statutory audit fees shown above, the Council subscribes to Grant Thornton's 'CFO Insights' platform – an online tool containing financial, socio-economic and outcomes data from local authorities across the Country. The cost of this subscription was £7,500.

The Council has also paid £6,750 to KPMG in respect of grant claim certification.

B8. Officer Remuneration

Senior Officer Remuneration

The Council's senior employees are those with statutory responsibility:

	2019/2020		
Post	**Salary, allowances & other benefits £**	**Pension Contributions £**	**Total Remuneration £**
Chief Finance Officer [1]	79,130	12,846	91,976
Monitoring Officer [2]	84,490	12,865	97,355
Head of Paid Service	78,810	12,846	91,656
	242,430	**38,557**	**280,987**

	2018/2019		
Post	**Salary, allowances & other benefits £**	**Pension Contributions £**	**Total Remuneration £**
Chief Finance Officer [1]	77,265	12,749	90,014
Monitoring Officer [2]	82,259	11,877	94,136
Head of Paid Service	83,127	13,722	96,849
	242,651	**38,348**	**280,999**

[1] As required under s.151 of the Local Government Act 1972, the Council employs a Chief Financial Officer. These duties are undertaken by the Head of Finance who during 2019/20 was shared with West Oxfordshire District Council. The figures shown above represent the full salary, allowances and pension costs incurred by Cotswold District Council as the employing authority for the year.

[2] The statutory responsibility of Monitoring Officer is fulfilled by the Group Manager Legal Services; this post is shared with Forest of Dean and West Oxfordshire District Councils. The figures shown above represent the full salary, allowances and pension costs incurred by Cotswold District Council as the employing authority for the year.

Other Officer Remuneration

The number of employees whose remuneration (excluding employers’ contributions in respect of National Insurance Contributions and Superannuation Contributions) exceeded £50,000 during the year is listed in the table below. This table includes all officers (including Senior Officers) employed by the Council.

	2018/19	2019/20
	No. of Officers	
£50,000 to £54,999	1	1
£55,000 to £59,999	0	1
£70,000 to £74,999	1	0
£75,000 to £79,999	1	2
£80,000 to £84,999	1	1

B9. Grant Income

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

	2018/19 £	2019/20 £
Revenue grants credited to Cost of Services		
Housing Benefit Subsidy	15,568,936	13,738,038
Housing Benefit Administration Subsidy	248,072	216,106
	15,817,008	**13,954,144**
Grants credited to Taxation and Non Specific Grant Income		
New Homes Bonus	3,205,113	3,254,793
Section 31 NNDR Compensation	2,381,421	2,610,572
Rural Services Delivery Grant	0	602,434
DCLG New Burdens	11,790	8,103
Other revenue grants	0	20,944
Other capital grants	0	13,930
	5,598,324	**6,510,776**
Capital grants credited to Cost of Services in the Comprehensive Income and Expenditure Statement		
Better Care Fund (Disabled Facilities Grants)	785,201	749,593
S.106 Receipts	483,572	381,178
Other capital grants	362,763	56,339
	1,631,536	**1,187,110**

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

	2018/19 £	2019/20 £
Environment Agency Grant [for specific Land drainage works]	(48,425)	(48,425)
Flood Defence Grants	(43,780)	(33,780)
SHI Loans	(47,680)	(47,680)
Better Care Fund (Disabled Facilities Grants)	(126,939)	(103,839)
Other Grants Receipts in Advance	(3,059)	(3,059)
	(269,883)	**(236,783)**

B10. Termination Benefits

Redundancy and Compensation

The Council has not made any severance payments in respect of redundancy or compensation for loss of office during the year or in the previous financial year.

Pension Strain

In 2018/19, £22,932 was charged to services in the Comprehensive Income and Expenditure Statement in respect of pension strain costs. Any additional contributions (strain contributions and augmentation contributions) that are due to be paid in the year by the Council, under any agreement with the pension fund, are recognised immediately as an expense. There were no costs of this nature incurred in this financial year.

The total amounts charged and accrued for in the Comprehensive Income & Expenditure Statement were as follows:

	2018/19 No. of packages	2018/19 £	2019/20 No. of packages	2019/20 £
Severance Payments		0		0
Pension Strain Costs		22,932		0
	1	**22,932**	**0**	**0**

Exit Packages

The total costs shown above reflects the value of the exit packages which have been agreed, accrued and provided for and charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

The total number and value of the exit packages, grouped into bands of £20,000 up to £100,000 and bands of £50,000 thereafter, are as follows:

	2018/19 No. of packages	2018/19 £	2019/20 No. of packages	2019/20 £
£0 - £20,000	0	0	0	0
£20,001 - £40,000	1	22,932	0	0
	1	**22,932**	**0**	**0**

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2019/2020			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,641,427)			
Revaluation losses on Property, Plant and Equipment	(108,550)			
Movements in the fair value of Investment Properties	(441,020)			
Capital Grants and Contributions applied	1,480,613			
Revenue Expenditure funded from Capital Under Statute	(814,826)			
Non current assets written off on disposal or sale	(2,891,355)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	2,891,355			
Capital expenditure charged against General Fund Balance	273,585	266,738		
Unattached Capital Reciepts	591,620		(591,620)	
Adjustments to Capital Resources				
Use of capital reciepts reserve to finance new capital expenditure			5,678,622	
Transfer from Deferred Capital Receipts on reciept of cash				(13,930)
Write down of long term debtor on receipt of loan principal			(423,941)	
Increase of long term debtor on advance of new loan prinipal			0	
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	(1,144,396)			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	994			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(886,000)			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	248,568			
	(2,440,839)	**266,738**	**4,663,061**	**(13,930)**

	2018/2019			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,507,348)			
Revaluation losses on Property, Plant and Equipment	(223,287)			
Movements in the fair value of Investment Properties	(214,400)			
Capital Grants and Contributions applied	1,147,962			
Revenue Expenditure funded from Capital Under Statute	(834,976)			
Non current assets written off on disposal or sale	(9,134)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	9,134			
Capital expenditure charged against General Fund Balance	254,306	50,000		
Unattached Capital Reciepts	1,072,967		(1,072,967)	
Adjustments to Capital Resources				
Use of capital reciepts reserve to finance new capital expenditure			(921,525)	
Transfer from Deferred Capital Receipts on reciept of cash			(390,919)	
Write down of long term debtor on receipt of loan principal			(1,250)	
Increase of long term debtor on advance of new loan pinripal			78,000	
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	(198,594)			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(1,140,000)			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	460,227			
	(1,183,143)	**50,000**	**(2,308,661)**	**0**

C2. Usable Reserves

Earmarked Reserves

The Council's General Fund comprises an unallocated element, used to meet day-to-day spending and 'Earmarked Reserves' – amounts set aside to provide financing for future specific expenditure or projects.

Movements in 'Earmarked Reserves' during the year are shown below:

	Balance 1 April 2019 £	Transfers Out £	Transfers in £	Balance 31 March 2020 £
Council Priorities Fund	(3,918,462)	1,619,195	(1,745,577)	**(4,044,844)**
Community-Led Housing	(882,272)	25,173	0	**(857,099)**
Business Rates Smoothing reserve	(655,465)	129,504	(62,138)	**(588,099)**
Other earmarked reserves	(2,852,375)	817,367	(286,528)	**(2,321,536)**
	(8,308,574)	**2,591,239**	**(2,094,243)**	**(7,811,578)**

C3. Unusable Reserves

Summary of Unusable Reserves

	2018/19 £	2019/20 £
Revaluation Reserve	(42,921,262)	(43,442,551)
Capital Adjustment Account	(29,214,063)	(31,697,911)
Pension Reserve	47,541,000	40,047,000
Deferred Capital Receipts Reserve	(1,928,726)	(4,396,140)
Collection Fund Adjustment Account	901,162	652,594
Pooled Investment Fund Adjustment Account	198,594	1,341,996
Financial Instruments Revaluation Reserve	0	20,000
	(25,423,295)	**(37,475,012)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2018/19 **£**	**2019/20** **£**
Opening Balance - 1 April	(32,970,191)	(42,921,262)
Upward revaluation of assets	(11,213,384)	(4,007,539)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	753,396	2,790,852
Other amounts written off to Capital Adjustment Account	0	50,419
Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	*(10,459,988)*	*(1,166,268)*
Difference between fair value and historic cost depreciation	508,917	644,979
Amount written off to the Capital Adjustment Account	*508,917*	*644,979*
Closing Balance - 31 March	**(42,921,262)**	**(43,442,551)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2018/19 £	2019/20 £
Opening Balance - 1 April	(30,963,548)	(29,214,063)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non current assets	1,507,348	1,641,427
Revaluation losses on Property, Plant and Equipment	223,287	108,550
Revenue expenditure funded from capital under statute	834,976	814,826
Amounts of non-current assets written off on disposal or sale	9,134	2,891,355
	2,574,745	5,456,158
Adjusting amounts written out of the Revaluation Reserve		
Historical cost depreciation adjustment	(508,917)	(644,979)
Other amounts written off	0	(50,419)
	(508,917)	(695,398)
Net written out amount of the cost of non current assets consumed in	**2,065,828**	**4,760,760**
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	921,525	(5,678,622)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,147,962)	(1,466,683)
Use of General Fund Earmarked Reserves applied to capital financing	(50,000)	(266,738)
Capital expenditure charged against the General Fund Balance	(254,306)	(273,585)
	(530,743)	(7,685,628)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	214,400	441,020
Closing Balance - 31 March	**(29,214,063)**	**(31,697,911)**

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2018/19 £	2019/20 £
Opening Balance - 1 April	39,189,000	47,541,000
Return on plan assets	(1,633,000)	8,035,000
Remeasurement of the net defined benefit liability	8,845,000	(16,415,000)
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	4,071,000	3,877,000
Employers' pension contributions	(2,931,000)	(2,991,000)
Closing Balance - 31 March	**47,541,000**	**40,047,000**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2018/19 £	2019/20 £
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(80,008)	(80,008)
Principal amounts on finance leases	(1,454,791)	(3,941,774)
Other deferred receipts	(362,427)	(342,858)
	(1,928,726)	**(4,396,140)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	Balance 1 April 2019 £	Transfers Out £	Transfers in £	Balance 31 March 2020 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calcuated for the year in accordance with statutory requirements:				
Council Tax	(84,444)	157,541	0	**73,097**
NNDR	991,444	0	(403,346)	**588,098**
NNDR - Renewal Energy Scheme	(5,838)	5,838	(8,601)	**(8,601)**
	901,162	**163,379**	**(411,947)**	**652,594**

Pooled Investment Fund Adjustment Account

The pooled investment fund adjustment account was created on 1st April 2018 on transition to IFRS9. It is used solely for the purpose of recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

	2018/19 £	2019/20 £
Opening Balance - 1 April	0	198,594
Changes in fair value of Pooled Investment Funds	198,594	1,144,396
Accumulated gains / (losses) written out on derecognition	0	(994)
Closing Balance - 31 March	**198,594**	**1,341,996**

Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains and losses arising from changes in the fair value of its investments that are measured at fair value through other comprehensive income.

	2018/19 £	2019/20 £
Opening Balance - 1 April	0	0
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	0	20,000
Closing Balance - 31 March	**0**	**20,000**

D1. Property, Plant and Equipment

Movements in 2019/20	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL P,P&E £
Asset Cost or Valuation						
Asset values at 1 April 2019	59,520,577	1,915,937	200	6,566,707	460,859	**68,464,280**
Additions	0	3,515,309	0	0	1,148,890	4,664,199
Revaluation increases / (decreases)	2,213,451	0	0	(2,249,604)	0	(36,153)
Derecognition - disposals	0	(3,120,186)	0	0	0	(3,120,186)
Transfers and reclassifications	500,000	0	1	(500,001)	0	0
Other Movements	0	0	0	0	0	0
Asset values at 31 March 2020	**62,234,028**	**2,311,060**	**201**	**3,817,102**	**1,609,749**	**69,972,140**
Depreciation						
Accumulated depreciation at 1 April 2019	(263,986)	(1,145,972)	0	0	0	**(1,409,958)**
Depreciation charge for the year	(1,215,391)	(333,408)	0	(27,074)	0	(1,575,873)
Depreciation written out on revaluation	1,129,716	0	0	14,574	0	1,144,290
Derecognition - disposals	0	228,830	0	0	0	228,830
Transfers and reclassifications	(12,500)	0	0	12,500	0	0
Other movements	0	0	0	0	0	0
Accumulated depreciation at 31 March 2020	**(362,161)**	**(1,250,550)**	**0**	**0**	**0**	**(1,612,711)**
Net Book Value of Assets						
1st April 2019	59,256,591	769,965	200	6,566,707	460,859	67,054,322
31st March 2020	**61,871,867**	**1,060,510**	**201**	**3,817,102**	**1,609,749**	**68,359,429**

Movements in 2018/19	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Con-struction £	TOTAL P,P&E £
<u>Asset Cost or Valuation</u>						
Asset values at 1 April 2018	50,623,908	1,879,985	11,380	6,295,051	48,096	**58,858,420**
Additions	0	353,671	0	0	412,763	766,434
Revaluation increases / (decreases)	8,896,669	0	0	260,476	0	9,157,145
Derecognition - disposals	0	(317,719)	0	0	0	(317,719)
Transfers and reclassifications	0	0	(11,180)	11,180	0	0
Other movements	0	0	0	0	0	0
Asset values at 31 March 2019	**59,520,577**	**1,915,937**	**200**	**6,566,707**	**460,859**	**68,464,280**
<u>Depreciation</u>						
Accumulated depreciation at 1 April 2018	(230,209)	(1,129,263)	0	0	0	**(1,359,472)**
Depreciation charge for the year	(1,084,533)	(325,294)	0	(28,800)	0	(1,438,627)
Depreciation written out on revaluation	1,050,756	0	0	28,800	0	1,079,556
Derecognition - disposals	0	308,585	0	0	0	308,585
Other movements	0	0	0	0	0	0
Accumulated depreciation at 31 March 2019	**(263,986)**	**(1,145,972)**	**0**	**0**	**0**	**(1,409,958)**
<u>Net Book Value of Assets</u>						
1st April 2018	50,393,699	750,722	11,380	6,295,051	48,096	57,498,948
31st March 2019	**59,256,591**	**769,965**	**200**	**6,566,707**	**460,859**	**67,054,322**

Asset valuation, amortisation and depreciation

Service areas are charged depreciation to represent the real cost of holding and using non-current assets. The value of an asset (less any residual value) will be written-down on a straight-line basis over the useful economic life of the asset. The following useful lives have been used in the calculation of depreciation and amortisation:

- Operational buildings: 40 years; less any residual land value
  *except Car Parks depreciable value - depreciated over 20-years.
- Non-operation buildings (surplus assets): 40 years; less any residual land value.
- Freehold land is not depreciated.
- Surplus assets will have lives based upon the type of asset – e.g. Buildings 30 to 60 years, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Vehicles, plant, furniture and equipment: 4 years
- Intangible ICT licences/software: 4 years

* The 40-year life applied to operational buildings excludes the car park asset class. Land values for car parks are not depreciated. The remaining value of equipment and parking surface is depreciated over a 20-year period, rather than the 40-year period for other operational assets. This better represents the expected life of a car park.

The gross costs of an asset is treated as the asset purchase price (or cost of construction) until the asset is formally revalued.

Capital Commitments (Assets Under Construction)

The Council has committed to a capital redesign and refurbishment programme at the Corinium Museum with contractual commitments of £1,650,032. As at 31 March 2020, a total of £1,609,749 has been spent, including variations and extension of time fees arising from delays in construction due to unforeseen circumstances. The total cost to date is shown in the Balance Sheet as Assets Under Construction. The programme is 51.4% funded from the Heritage Lottery Fund.

Effects of changes in estimates

The Council has not made any changes in its accounting estimates in either the life or depreciation methods of assets during the year.

Revaluations

The 2019/20 the revaluations and impairment review was undertaken by Mr. D. Thurlow BSc (Hons) MRICS, of Publica Group (Support) Limited and the Council's Operational Buildings by valuers at Carter Jonas Property Consultants. Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

Assets are valued as part of a rolling programme of revaluations. All assets are valued at least every 3-years with annual valuations for all assets classified as investment properties or those assets that are deemed to have materially changed in value.

As part of their work the valuers were given full access to the Council's assets, property records and previous valuation data.

In estimating asset values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient enough to affect value.

The Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. The surplus assets that the Council owns represent primarily land or building assets. Within the fair-value hierarchy, the Council's Surplus Assets are deemed as 'level 2' category. The Surplus Asset valuations were undertaken by Mr. D. Thurlow (Hons) MRICS, of Publica Group (Support) Limited.

The Code requires that assets are formally revalued at least every 5-years. The Council does this on a rolling programme to ensure all assets are remain materially correct, with assets often revalued more frequently where there is evidence that values have changed. The table below summarises the valuations undertaken, by year:

	Other Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL £
Carried at [depreciated] Historical Cost	0	1,060,510	201	0	1,609,749	**2,670,460**
Valued at Current Value as at 31st March:						
2015/16	0	0	0	500	0	**500**
2016/17	22,442	0	0	0	0	**22,442**
2017/18	438,749	0	0	129,150	0	**567,899**
2018/19	25,506,581	0	0	1,042,501	0	**26,549,082**
2019/20	35,904,095	0	0	2,644,951	0	**38,549,046**
	61,871,867	**1,060,510**	**201**	**3,817,102**	**1,609,749**	**68,359,429**

D2. Investment Properties

The following amounts have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2018/19 £	2019/20 £
Rental income	(602,230)	(751,082)
Direct operating expenses	173,924	811,055
Net (gains) / losses from fair value adjustments	214,400	441,020
	(213,906)	**500,993**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The 2019/20 valuations were undertaken by Carter Jonas Chartered Surveyors, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, as outlined in Note D1 above. .

Under the CIPFA Code the Council's investment properties are classified as 'level 2' within the fair-value hierarchy. The assets have been suitably valued, based upon current market conditions, sale prices for similar assets, or contractual income for the properties. These observable inputs have been used to classify the assets accordingly. There have been no movements between categories within the hierarchy during the year.

The following table summarises the movement in the fair value of investment properties over the year:

	2018/19 £	2019/20 £
Opening Balance - 1 April	5,043,400	4,829,000
Additions	0	2,183,020
Net gains / (losses) from fair value adjustments	(214,400)	(441,020)
Closing Balance - 31 March	**4,829,000**	**6,571,000**

D3. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to all software assets used by the Authority are 4 years.

Movements in Intangible Assets

	2018/19 £	2019/20 £
Asset Cost or Valuation		
Asset values at 1 April	383,930	329,431
Additions	39,440	0
Derecognition	(93,939)	(33,800)
Asset values at 31 March	**329,431**	**295,631**
Amortisation		
Accumulated Amortisation at 1 April	(213,162)	(187,944)
Amortisation charge for the year	(68,721)	(65,555)
Derecognition	93,939	33,800
Accumulated Amortisation at 31 March	**(187,944)**	**(219,699)**
Net carrying amount at 31 March	**141,487**	**75,932**

Intangible assets represent the Authority's purchase of software and software licences. The Income and Expenditure Account is charged with the purchase cost of this software on a straight-line basis, over the life of the asset (4 years).

When software is fully amortised and deemed to be no longer providing benefit to the Authority the software cost and accumulated amortisation balances are derecognised and removed from the balance sheet.

D4. Non-Current Debtors

	31 March 2019 £	31 March 2020 £
Starter Home Initiative	70,470	45,235
Council Mortgages & Housing Act Advances	31,500	31,500
Charities	80,008	80,008
Housing Improvement Loans	54,085	54,085
Housing Strategy Loans	11,692	11,692
Employee Car Loans	50,211	40,367
Loan to 'Friends of the Cotswolds'	362,427	342,857
Finance Leases - principal outstanding	1,182,107	3,365,633
	1,842,500	**3,971,377**

D5. Debtors

	2018/19 £	2019/20 £
Government Departments	1,669,771	1,451,084
Other Local Authorities	296,727	1,714,725
Collection Fund debtors (CDC Share)	795,658	737,590
Housing Benefit recovery	784,456	785,421
Sundry Debtors	1,194,249	891,828
Finance Leases - principal outstanding	272,684	576,141
Other Debtors	833,498	736,160
Bromford Housing Association RTB receipts	375,736	546,870
Prepayments	444,876	396,131
	6,667,655	7,835,950
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(258,912)	(200,604)
Housing Benefit recovery	(784,456)	(785,421)
Sundry Debtors	(454,023)	(450,858)
	5,170,264	**6,399,067**

D6. Creditors

	2018/19 £	2019/20 £
Government Departments	(1,116,748)	(1,538,790)
Other Local Authorities	(3,101,940)	(936,350)
Collection Fund creditors (CDC Share)	(522,051)	(367,835)
Sundry Creditors	(281,913)	(40,994)
Finance Leases - principal outstanding	(23,741)	(23,585)
Other Creditors	(1,015,005)	(1,051,710)
Receipts in advance:		
- Council Tax / NNDR payers	(176,945)	(69,905)
- Sundry Creditors	(173,873)	(2,774,541)
	(6,412,216)	(6,803,710)
S106 Balances	(1,885,901)	(2,178,811)
	(8,298,117)	**(8,982,521)**

D7. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
Business Rates (NDR) Appeals	(2,063,795)	0	222,441	789,040	**(1,052,314)**
	(2,063,795)	**0**	**222,441**	**789,040**	**(1,052,314)**

<u>Business Rates (NNDR) appeals</u>

This provision is held in relation to outstanding appeals against property valuations lodged with the Valuation Office. A significant level of risk remains due to the volume of outstanding appeals against the 2010 valuation list and the 2017 list came into effect in April 2017 together with a Check, Challenge and Appeal process, replacing the former appeals process.

D8. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to finance spend (or borrow during the year) to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2018/19 £	2019/20 £
Opening Capital Financing Requirement	**0**	**32,107**
Capital investment in the year		
Property, Plant & Equipment	766,434	0
Intangible Assets	39,440	0
Revenue Expenditure Funded from Capital under Statute	834,976	0
	1,640,850	0
Sources of finance		
Capital Reciepts	156,475	0
Better Care Funding/Disabled Facilities Grants	785,201	0
Other grants & external funding	362,761	0
Earmarked Reserves	50,000	0
Direct Revenue Contributions	254,306	0
	1,608,743	0
Net increase / (decrease) in Capital Financing Requirement	**32,107**	**0**
Closing Capital Financing Requirement	**32,107**	**32,107**

The increase in Capital Financing Requirement in 2018/19 represents assets acquired under a finance-lease arrangement. The assets will be financed as part of a leasing charge over the coming 5-year period.

E1. Defined Benefit Pension Scheme

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Cotswold District Council is a member of the Gloucestershire County Council Pension Fund, for which Gloucestershire County Council is the administering authority. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

Publica Group (Support) Limited

On 1st November 2017 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled (counted as one scheme by the pension fund) as the Council continues to underwrite the pension liabilities on the whole scheme.

Adjustments resulting from the 'McCloud' Court of Appeal case

In December 2018 the Court of Appeal upheld a ruling that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.

In June 2019 the Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case was remitted back to the Employment Tribunal to determine a remedy to members who suffered discrimination. In an announcement made on 15 July 2019, the Government confirmed that, as transitional protection was offered to members of all the main public service pension schemes, the government intends to address the difference in treatment across all schemes. Consideration is now being given to the best way to implement this decision as part of the Court process.

The legal ruling around age discrimination (McCloud – Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits. Estimates within these accounts take account of the actuary's best estimate of pension liabilities at the balance sheet date.

The figures for 31 March 2020 include the effect of the McCloud judgement.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council makes to council tax is based upon the actual cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MiRS).

Contributions payable include amounts payable by Publica Group (Support) Limited as the underlying pension liability for these staff remains with the Council.

The following transactions have been charged to the Comprehensive Income & Expenditure account and General Fund Balance during the year:

	2018/19 £	2019/20 £
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	2,623,000	2,736,000
Past Service Cost	389,000	0
Financing and Investment Income & Expenditure:		
Net Interest Expense	1,059,000	1,141,000
Net Charge to Surpluse or Deficit on Provision of Services	**4,071,000**	**3,877,000**
Other post employment benefit charged to Comprehensive Income & Expenditure Statement		
Remeasurment of the net defined benefit liability comprising:		
Return on Plan Assets	(1,633,000)	8,035,000
Actuarial (gains) / losses arising on changes in financial assumptions	8,765,000	(9,554,000)
Actuarial (gains) / losses arising on changes in demographic assumptions	0	(4,018,000)
Experience (gains) / losses	80,000	(2,843,000)
	7,212,000	(8,380,000)
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	**11,283,000**	**(4,503,000)**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	**(4,071,000)**	**(3,877,000)**
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**2,931,000**	**2,991,000**

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2018/19 £	2019/20 £
Present value of the defined benefit obligation - funded	(118,978,000)	(105,707,000)
Present value of unfunded obligations	(2,920,000)	(2,549,000)
Fair Value of Plan Assets	74,357,000	68,209,000
Net liability arising from defined benefit obligation	**(47,541,000)**	**(40,047,000)**

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

	2018/19 £	2019/20 £
Opening Fair Value of Scheme Assets	70,426,000	74,357,000
Interest Income	1,905,000	1,789,000
Remeasurement Gains / (Losses)	1,633,000	(8,035,000)
Employers' Contributions	2,796,000	2,853,000
Employee Contributions	440,000	418,000
Contributions in respect of unfunded benefits	135,000	138,000
Benefits Paid	(2,843,000)	(3,173,000)
Unfunded Benefits Paid	(135,000)	(138,000)
Closing Balance 31 March	**74,357,000**	**68,209,000**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2018/19 £	2019/20 £
Opening Balance 1 April	(109,615,000)	(121,898,000)
Current Service Cost	(2,623,000)	(2,736,000)
Interest Cost	(2,964,000)	(2,930,000)
Contributions from Scheme Participants	(440,000)	(418,000)
Past Service Cost	(389,000)	0
Remeasurement Gains / (Losses)	(8,845,000)	16,415,000
Benefits Paid	2,843,000	3,173,000
Unfunded Benefits Paid	135,000	138,000
Closing Balance 31 March	**(121,898,000)**	**(108,256,000)**
Funded	(118,978,000)	**(105,707,000)**
Unfunded	(2,920,000)	**(2,549,000)**

Composition Of Scheme Assets

	2018/2019				2019/2020			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
Debt Securities								
Corporate Bonds (investment grade)	7,596.3	0.0	7,596.3	10%	7,578.3	0.0	7,578.3	11%
Corporate Bonds (non investment grade)	316.5	0.0	316.5	0%	163.0	0.0	163.0	0%
UK Government	2,340.8	0.0	2,340.8	3%	1,250.7	0.0	1,250.7	2%
Other	0.0	0.0	0.0	0%	188.5	0.0	188.5	0%
Private Equity								
All	0.0	164.1	164.1	0%	0.0	225.0	225.0	0%
Real Estate								
UK Property	4,715.3	1,582.4	6,297.7	8%	3,783.5	1,209.6	4,993.1	7%
Overseas Property	0.0	459.5	459.5	1%	0.0	351.5	351.5	1%
Investment Funds and Unit Trusts								
Equities	4,484.4	41,777.2	46,261.6	62%	0.0	43,321.1	43,321.1	64%
Bonds	5,943.1	0.0	5,943.1	8%	5,388.7	0.0	5,388.7	8%
Infrastructure	0.0	0.0	0.0	0%	0.0	137.1	137.1	0%
Other	0.0	3,619.0	3,619.0	5%	0.0	3,802.9	3,802.9	6%
Derivatives								
Foreign Exchange	-17.6	0.0	-17.6	0%	14.6	0.0	14.6	0%
Other	7.5	0.0	7.5	0%	7.0	0.0	7.0	0%
Cash and Cash Equivalents								
All	1,368.5	0.0	1,368.5	2%	787.5	0.0	787.5	1%
	26,754.8	**47,602.2**	**74,357.0**	**100%**	**19,161.8**	**49,047.2**	**68,209.0**	**100%**

Basis for estimating assets and liabilities

An estimate of the pensions that will be payable in future years is dependent on a number of assumptions about mortality rates, salary levels, etc. The scheme's actuary [Hymans Robertson LLP] has used the following principal assumptions:

Mortality Assumptions (average future life expectancy - years)	Males	Females
Current Pensioners	21.7	23.9
Future Pensioners (those aged 45 at March 2016)	22.4	25.3
Financial Assumptions	**2018/19**	**2019/20**
Rate of increase in pensions	2.5%	1.9%
Rate of increase in salaries	2.8%	2.2%
Discount Rate	2.4%	2.3%

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% p.a. for women and men.

Included in the assumptions is an allowance for future retirements to elect to take 35% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 68% of the maximum tax-free cash for post-April 2008 service.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In accounting for the Pension Fund, the actuary applies a number of assumptions in measuring the scheme liabilities. Sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approx. increase in liability	
	%	£
0.5% decrease in Real Discount Rate	9%	9,520,000
0.5% increase in salary increase rate	1%	931,000
0.5% increase in pension increase rate	8%	8,510,000

The estimated employer's contributions for the year to 31st March 2021 will be approximately £6,128,000.

E2. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

2018/2019 Non-Current £	2018/2019 Current £		2019/2020 Non-Current £	2019/2020 Current £
		Financial Assets at Amortised Cost		
2,000,000	11,042,894	Investments	0	8,030,717
1	0	Ubico Shareholding	1	0
0	2,010,253	Cash and cash equivalents	0	97,439
660,406	2,246,187	Debtors	605,757	3,438,725
1,182,094	272,684	Finance Leases	3,365,620	576,141
3,842,501	15,572,018		3,971,378	12,143,022
		Fair Value through Profit or Loss		
10,300,526	2,146,912	Investments	9,143,767	1,145,097
0	5,001,657	Cash and cash equivalents	0	5,591,145
10,300,526	7,148,569		9,143,767	6,736,242
		Fair Value through Other Comprehensive Income		
0	0	Designated Equity Instruments	980,000	0
14,143,027	**22,720,587**	**Total Financial Assets**	**14,095,145**	**18,879,264**
		Financial Liabilities at Amortised Cost		
0	0	Cash and cash equivalents	0	(231,393)
0	(1,979,638)	Creditors	0	(1,818,298)
(86,365)	(23,741)	Finance Leases	(62,936)	(23,585)
(86,365)	**(2,003,379)**	**Total Financial Liabilities**	**(62,936)**	**(2,073,276)**

The following table reconciles the totals shown on the Balance Sheet and the values above:

	Non Current Debtors £	Current Debtors £	Current Creditors £
Total on Balance Sheet	3,971,377	6,399,067	(6,803,710)
Finance Leases (shown separately)	(3,365,620)	(576,141)	23,585
Items not classified as Financial Instruments:			
Statutory & Government Debtors / Creditors	0	(1,988,070)	2,117,381
Payments / Receipts in Advance	0	(396,131)	2,844,446
Total Debtors / Creditors (as above)	**605,757**	**3,438,725**	**(1,818,298)**

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

2018/2019 Financial Assets Amortised Cost £	2018/2019 Financial Assets Fair Value through P&L £	2018/2019 Financial Assets Fair Value through OCI £	2018/2019 Financial Liabilities Amortised Cost £		2019/2020 Financial Assets Amortised Cost £	2019/2020 Financial Assets Fair Value through P&L £	2019/2020 Financial Assets Fair Value through OCI £	2019/2020 Financial Liabilities Amortised Cost £
				Financing & Investment Income and Expenditure				
(133,969)	(324,526)	0		Interest / dividend income	(171,336)	(498,407)	0	
2,292				Changes in impairment loss allowance	15,357			
	198,594			Changes in fair value		1,144,396		
0	0	0		(Gains) / losses on derecognition	0	5,721	0	
			658	Interest expense				3,361
			0	Fee expense				0
				Other Comprehensive Income				
		0		Changes in fair value			20,000	
(131,677)	**(125,932)**	**0**	**658**	**Net (Gains) / Losses for the Year**	**(155,979)**	**651,710**	**20,000**	**3,361**

Fair Values of Financial Assets and Financial Liabilities

Fair Value is defined as *"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"*.

The Code sets out the fair value valuation hierarchy that local authorities are required to follow to increase consistency and comparability in fair value measurements and disclosures: Level 1 assets are valued based upon 'quoted prices in active markets for identical assets' where such assets exist. Level 2 is based upon inputs other than quoted prices within level 1 that are observable. Level 3 represents all other unobservable inputs which can be used to estimate the fair value of the assets.

The following table describes the Council's financial assets measured at fair value:

	Input level	As at 31/03/2020 £
Fair Value through Profit or Loss		
Money Market Funds	Level 1	5,591,145
Pooled Investment Funds	Level 1	10,288,864
		15,880,009

Fair values for those financial assets deemed to be categorised as Level 1 have been derived from unadjusted quoted prices in active markets.

Except for the financial assets carried at fair value (as shown above), all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The carrying value and fair values are shown below for comparison purposes. Fair values are not required for current debtors and creditors (trade payables and receivables) since the carrying amount is deemed a reasonable approximation of fair value.

	2018/19		2019/20	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
Financial Assets at Amortised Cost				
Investments	13,042,894	13,078,138	8,030,717	0
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	2,010,253	2,010,253	97,439	97,439
Non-Current Debtors	660,406	660,406	605,757	605,757
Non-Current Finance Leases	1,182,094	1,182,094	3,365,620	3,365,620
	16,895,648	**16,930,892**	**12,099,534**	**4,068,817**
Financial Liabilities at Amortised Cost				
Borrowing	0	0	(231,393)	(231,393)
Non-Current Finance Leases	(86,365)	(86,365)	(62,936)	(62,936)
	(86,365)	**(86,365)**	**(294,329)**	**(294,329)**

Equity Instruments Elected to Fair Value through Other Comprehensive Income

The Council has elected to account for the following investment in an equity instrument at fair value through other comprehensive income because it is a long-term strategic investment held by the Council primarily to receive regular dividend income rather than for capital growth or to sell.

Presenting changes in its fair value in the surplus or deficit on provision of services is therefore less likely to present a true and fair view of the Council's financial performance than presenting it in other comprehensive income.

	Fair Value		Dividends	
	31 March 2019 £	31 March 2020 £	31 March 2019 £	31 March 2020 £
Fundamentum Social Housing REIT plc	0	980,000	0	**0**
	0	**980,000**	**0**	**0**

E3. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any external borrowing. As such, the key risks are in relation to its financial assets. These are as follows:

- Credit risk – the possibility that other parties may fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a rest of changes in such measures as interest rate movements.

Overall procedures for managing risk

The Council's overall risk management procedures focus upon the unpredictability of financial markets and implementing procedures to minimise these risks. Procedures for risk management are set-out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. These procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services
- By approving annually in advance prudential indicators for the following three years limiting:
    - Limits on the Council's overall debt [external borrowing]
    - The Council's maturity structure of its borrowing
    - The Council's upper limit for exposure to fixed and variable rate investments
    - The maximum exposure to investments maturing beyond a year
- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum requirements for all counterparties

Prudential indicators and the treasury management annual investment strategy are reported to, and approved by, full Council prior to the start of the financial year. Actual performance is reported at half and full-year intervals to full Council.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Treasury Management Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit rating criteria. The strategy also imposes upper limits on the amounts that can be invested with each financial institution. Full details of the minimum credit ratings can be found in the appendix to the Treasury Management annual investment strategy, which can be viewed via the Councils web-site.

The ratings of the financial institutions holding Council investments (and investments classified as cash equivalents) at the Balance Sheet date is as follows:

	Investment Balance
Fixed duration deals	
Banks	
A+ Rated	£0
AA- Rated	£0
Local Authorities	£0
Call accounts and other 'cash equivalent' investments	
Money Market Funds	£0
Call Accounts	£0
Pooled funds	
Non-rating agency rated pooled fund	£0
separately approved by the Council's Treasury Management advisors	

At the Balance Sheet date, the Council's investments and investments classified as cash equivalents for financial reporting purposes were distributed as follows:

	Investment values - maturing within:			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
Internally managed funds				
UK Banks	£0	£0	£0	£0
Foreign Banks	£0	£0	£0	£0
UK Local Authorities	£0	£0	£0	£0
Money Market Funds	£0	£0	£0	£0
Call Accounts	£0	£0	£0	£0
UK Equities	£0	£0	£0	£0
Externally managed funds				
Pooled Funds	£0	£0	£0	£0

Liquidity Risk

The Council manages its cash flow to ensure cash is available when it is needed. In the event of an unexpected cash requirement, the Council has the ability to borrow from the money markets to cover any short-term requirement.

The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its financial commitments under financial instruments.

Market risk – interest rate risk

The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing periods. For example, a rise in variable and fixed interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure account will rise
- Investments at fixed rates – the fair value of the assets will fall

The Council has a number of strategies for managing interest rate risk. Prior to the start of each year, a maximum limit is set upon the fixed and variable interest rate exposures. The in-house treasury management team will monitor market and forecast interest rates within the year and adjust exposures accordingly. For instance, during periods of falling interest rates, and where economic conditions make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

Changes in interest payable and interest receivable on investments will be posted to the Comprehensive Income and Expenditure account and affects the balance on the General Fund.

If interest rates had been 0.25% higher during the year (and all other factors remain unchanged), and this rate increase had applied to all variable-rate investment income, the effect upon the Comprehensive Income & Expenditure Account would have been an increase in interest receivable from investments of £91,000.

Price Risk

The Council hold some financial instruments of which the capital value may fluctuate as a result of market conditions. However, these instruments are all purchased on a hold to maturity or long term basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

Foreign Exchange Risk

The Council's policy is to deal in £ sterling wherever possible and reduce the need to deal in foreign exchange.

E4. Leases

The Council as Lessee [obtaining assets under a leasing arrangement]

Operating Leases

The Authority has entered into a number of operating leases. The minimum lease payments payable on these operating leases in future years are as follows:

	31 March 2019 £	31 March 2020 £
Not later than one year	18,240	43,148
Later than one year & not later than five years	13,185	101,466
Later than five years	0	121,250
	31,425	**265,864**

Operating lease payments charged to Cost of Services during the year totalled £17,263 (2018/19 £17,342).

Finance Leases

During the year, the Council acquired new print room equipment under a finance lease. The assets are carried as Property, Plant and Equipment in the Balance Sheet at the following amount:

	31 March 2019 £	31 March 2020 £
Vehicles, plant, furniture & equipment	110,106	86,521
	110,106	**86,521**

The authority is committed to making minimum payments under this leases comprising settlement of the long-term liability for the interest in the equipment acquired and finance costs that will be payable by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2019 £	31 March 2020 £
Finance lease liabilites:		
Current	23,741	23,585
Non Current	86,365	62,936
Finance costs payable in future years	15,690	12,329
Mimimum Lease Payments	**125,796**	**98,850**

The minimum lease payments will be paid over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2019	31 March 2020	31 March 2019	31 March 2020
	£	£	£	£
Not later than one year	27,124	26,945	23,741	23,585
Later than one year & not later than five years	98,672	71,905	86,365	62,936
Later than five years	0	0	0	0
	125,796	**98,850**	**110,106**	**86,521**

Authority as Lessor [leasing assets out]

Finance Leases

The Authority has three properties which it accounts for as finance leases and a number of Waste Collection and Recycling vehicles. The three properties are commercial properties [shops/offices] located in the centre of Cirencester and have been leased out for periods of 99, 125 and 125 years respectively. Although the properties will return to the Council at the end of the lease, the balance of “risks and rewards" of ownership, the length of the lease, and the sum of rentals receivable require the properties to be accounted for as Finance Leases.

In addition to the property assets the Council leases a number of Waste Collection and recycling vehicles to Ubico Ltd.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned by the Authority for the period while the debt remains outstanding.

	31 March 2019	31 March 2020
	£	£
Present value of principal payments outstanding on non current assets	1,454,778	3,941,761
Unearned finance income	2,770,854	2,966,381
	4,225,632	**6,908,142**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2019	31 March 2020	31 March 2019	31 March 2020
	£	£	£	£
Not later than one year	324,941	679,727	272,684	576,141
Later than one year & not later than five years	870,235	2,445,764	707,110	2,126,391
Later than five years	3,030,456	3,782,651	474,984	1,239,229
	4,225,632	**6,908,142**	**1,454,778**	**3,941,761**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/20 the Council received £135,485 in contingent rents (2018/19 £138,444).

The Council has not set-aside an allowance for uncollectable debts in relation to its finance leases. Any outstanding debts would be accounted for within the Sundry Debtors impairment allowance.

Operating Leases

The Authority leases out property under operating leases to generate revenue on its investment properties and surplus assets that are suitable for rental.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2019 £	**31 March 2020 £**
Not later than one year	1,032,370	1,136,936
Later than one year & not later than five years	3,286,333	2,820,446
Later than five years	3,428,679	3,226,922
	7,747,382	**7,184,304**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the balance sheet date.

E5. Accounting Policies

i) General Principles

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

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

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

ii) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as inventories [stock] on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument ("what is due") rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. For all debts outstanding at the balance sheet date the balance of debtors is written down and a charge made to revenue for the income that might not be collected (bad debts).

iii) Cash and cash equivalents

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

iv) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

v) Council Tax and Non-Domestic rates – England

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

Accounting for Council Tax and NDR

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

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

vi) Employee benefits

Benefits payable during employment (updated)

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

Prior to 2017/18 an accrual was made for the cost of holiday entitlement (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end. The cost of leave carried-forward into the next financial year would be entered into the accounts as a creditor as the leave will be a cost (either in monetary terms of lost productive time) in the new year. In 2017/18 the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited. Due to the vastly reduced number of staff at the Council a balance is no longer maintained for the cost of untaken annual leave as the figures involved are not material to the accounts.

Termination benefits

Termination benefits are amounts payable as a result of decisions by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards.

vii) Post-employment benefits

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

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

- The liabilities of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Gloucestershire County Council pension fund attributable to the Authority are included in the balance sheet at their fair value.
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

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

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

viii) Fair value measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

ix) Financial instruments

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

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

Expected Credit Loss Model
The Council recognises material expected credit losses on its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

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

Financial Assets at Fair Value through Profit or Loss
Financial assets measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value is measured in accordance with the Council's Fair Value Measurements policy (see viii above). Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 [SI 2018/1207]. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2023.

x) Government grants and contributions (updated)

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is only then credited to Comprehensive Income and Expenditure Statement.

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

Most Section 106 grant contributions which the Council holds have conditions which require the contribution to be returned if the contribution remains unspent after 5 years. Although it is highly probable that the conditions will be met, it is not guaranteed. Section 106 contributions are therefore held on the balance sheet as creditors. Similarly, where grants have been received for specific projects these are treated as grants with conditions [creditors] until the project has begun or the item of equipment to which the grant relates has been purchased.

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to used to fund capital expenditure. However a proportion of the charges for this authority may be used to fund revenue expenditure. A share of the charges which are due to be payable to the Town and Parish Councils will remain in creditors (receipts in advance) until due.

xi) Heritage assets

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

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

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

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

xii) Intangible assets

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

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

xiii) Inventories and long-term contracts

Inventories [stocks] are included in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xiv) Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are subject to a review at year end to determine whether market conditions require properties to be revalued. Any gains or losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xv) Leases

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

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as lessee

Finance leases
Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority may be added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the polices applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in Accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases
Lease payments made under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased asset.

The Authority as lessor

Finance leases
Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

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

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

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

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

xvi) Property, Plant and Equipment

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

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

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

Measurement
Assets are initially measured at cost, comprising:

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

The 'cost' of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition was for no monetary value. Where the purchase of an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – 'highest and best use'
- all other classes of asset – 'current value', determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Items of equipment, which have short useful lives or low values (or both) are held on the balance sheet at depreciated historical cost, as an approximation of 'current value'.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

Upon revaluation, where decreases in value are identified, they are accounted for by:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. Assets are written-down over the useful life of the asset. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are under construction (and not yet available for use).

Depreciation is calculated on the following bases:

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

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

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

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any accumulated revaluation gains held for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for disposal in excess of £10,000 are categorised as capital receipts.

xvii) Provisions, contingent liabilities and contingent assets

Provisions
Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and certainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

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

Any material contingent liabilities are disclosed in the notes to the accounts.

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

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

xviii) Reserves

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

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

xix) Revenue Expenditure Funded from Capital Under Statute

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

xx) Value Added Tax

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

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note E5 above, the Council has had to make judgements at times about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council had a one-seventh share in Ubico Ltd.. Ubico operates separate operating practices and management structure, the application of majority-voting on the Ubico Ltd. board indicates that the Council does not have joint-control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico Ltd. and group accounts have not been prepared.
- The Council jointly owns (with West Oxfordshire District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be merely an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of surplus for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis Group Accounts have not been prepared.
- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Gloucestershire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS obligations liability.
- Under International Financial Reporting Standards (IFRS) assessments have been made as to the correct accounting treatment for a number of lease agreements which the Council has entered into. Categorising leases as either operating or finance leases does result in different accounting treatment. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.

  The Council has such an agreement whereby it provides environmental services vehicles to Ubico Ltd.. Ubico Ltd. pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico Ltd. contracts where necessary). Ubico Ltd. pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Ltd. A formal lease has been agreed on this basis.

- A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed using information of outstanding appeals supplied by the valuation office, as at 31st March, and using experience of previous appeals rates or estimates applied at national government level.

- There is a high degree of uncertainty about the future levels of funding and income for local government, particularly following the Covid-19 pandemic. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council has therefore prepared its accounts on the basis that it is a going concern. As authorities cannot be created or dissolved without statutory prescription, the assumption has been made that the Council's services will continue to operate for the foreseeable future. it would not be appropriate for the financial statements to be prepared on anything other than a going concern basis.

E7. Assumptions and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Significant assumptions affecting the statement of accounts include the following. Where other assumptions have been made these will be disclosed in the appropriate note to the accounts.

Item	Uncertainties	Effect if actual result differs from assumption
Property, Plant & Equipment – Operational Property	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The outbreak of the Novel Coronavirus (Covid-19) declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020 has impacted global financial markets and as at the valuation date less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of material valuation uncertainty as per the RCIS Red Book. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore values of car parks, leisure facilities and surplus assets have been based on the situation prior to Covid-19, on the assumption that values will be restored when the property market becomes more fluid. Valuations of the Council Offices have been adjusted by the external valuer to reflect the existing Coronavirus considerations. The Council’s external valuers provided valuations as at 31 March 2020 for the Council’s investment property portfolio and approximately 17% of its operational portfolio. The Council’s internal valuer provided valuations at 31 March 2020 for 40% of its operational portfolio. Operational assets are depreciated over the best estimate of an assets useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council’s valuer.	A reduction in the estimated valuations would result in reductions to the Revaluation Rererve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council’s operational properties were to reduce by 10%, this would be unlikely to result in a significant charge to the Comprehensive Income and Expenditure Statement due to the level of revaluation reserve balance held of approximately £43.4m. An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is over £68m.

Item	Uncertainties	Effect if actual result differs from assumption
Fair Value measurement of Investment Property	The Council's external valuers use valuation techniques to determine the fair value of investment property. This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available. As mentioned above the outbreak of the Novel Coronavirus (Covid-19) has impacted global financial markets and as at the valuation date less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty as per the RCIS Red Book. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Values have been based on assumptions of rental income expected in 2020/21 adjusted to assume rent free periods for a period of between six to twelve months associated with Coronavirus considerations and potential void period.	Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.
Pension Liability	The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme's actuary including discount rate used, rate of salary increases, changes in retirement ages, mortality rates and expected return on Pension Fund investments. Estimates are made upon judgements and conditions as seen by the actuary at a point in time. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.	The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities. For further details of the impact of variations in key assumptions, see note E1.

Item	Uncertainties	Effect if actual result differs from assumption
Impairment Allowance for Doubtful Debt	Debtors on the balance sheet assume an element of bad debt (when debtors cannot/will not settle their debt to the Council). As at 31 March 2020, the Council had an outstanding balance of short term (trade) debtors (excluding housing benefit overpayments) of £112k. Against this debtors balance there is an impairment allowance of £38k. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	Income receivable included in the accounts will differ from that actually received. The CI&ES could be overstated. The effect is offset by establishing a suitable provision based upon the best information available on the likelihood of invoices not being settled. If collection rates deteriorate then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debt.
Provision for Impairment (HB Overpayments)	Where it has been found that Housing Benefit has been overpaid the Council is able to recover the overpayment from ongoing benefit. A 100% provision against such overpayments has been established due to the difficulty surrounding recovering such debts from individuals who are already short of money. Changes in the delivery of Housing Benefit with a possible transfer of the service to Central Government (with changes to Universal Credit), there is a risk that the Council will be left with all outstanding debt at the point of transfer.	If the Council has overprovided then the income to the revenue account will have been understated. A share of the provision will then need to be written-back to the Income & Expenditure account.
Business Rate Appeals	A significant level of risk remains due to the volume of outstanding business rates appeals, which are processed by the Valuation Office. These accounts contain a provision for appeals losses. The value of the provision has been assessed using information on outstanding appeals rates and estimates applied at national government level.	Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made.

Item	Uncertainties	Effect if actual result differs from assumption
Brexit	There is still uncertainty about the implications of Britain leaving the European Union. At the current time while the UK has agreed the terms of its EU departure, both sides still need to decide what their future relationship will look like. The transition period began on the 1 February and is due to end on 31 December 2020. There are three possible scenarios: an agreement is reached by the 31 December, no agreement is reached and the UK leaves with 'no deal', or an extension to the transition period of unknown length. It is not possible to predict which path will be taken and whether asset values and the discount rate will consequently change. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However, this assumption needs to be revisited and reviewed regularly.	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the value of the pension liability will also vary.
Going Concern	The Council set its budgets and Medium Term Financial Strategy (MTFP) based upon its best estimate of plans and funding. Sources of income, grant funding and savings plans are all liable to change the further into the future one moves. Due to the Covid-19 pandemic, the Council is expecting losses across revenue streams such as car park income, licensing and planning fees and reduced investment income and investment property rental income. Expenditure pressures will also be felt across services. Although difficult to quantify, it is expected that the financial pressures will be significant – even after the Government's emergency funding for local authorities is taken into account. The Council is however in the fortunate position of having general fund reserve balances to draw upon. The Council will be looking to revisit the assumptions included in the last iteration of the Medium Term Financial Strategy in recognition of the impact of the pandemic.	If estimates on income, funding or savings plans differ (and all move adversely), the Council will be able to draw upon revenue reserves to smooth fluctuations in funding until alternative savings plans are developed. It is therefore assumed that the Council will remain a going concern for the foreseeable future with no material uncertainty.

E8. Accounting Standards Not Yet Adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

Changes to the 2020/21 code are limited to:

- IFRS16 Lease
  IFRS16 will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there are exemptions for low-value and short-term leases). In light of Covid-19 pressures the CIPFA/LASAAC have agreed to defer implementation of IFRS16 for a further year in line with government's Financial Reporting Advisory Board's proposals for central government departments. This will mean the effective date for implementation is now 1 April 2021. Work has not yet been completed to reliably estimate the expected impact of this standard.

- Amendments to IAS 28 Investments in Associates and Joint Ventures:
  This clarifies that IFRS 9 applies to long term interests in an associate or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

- Amendment to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement
  IAS 19 will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1 April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

The Council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements

E9. Related Parties

The Authority is required to disclose material transactions with related parties – i.e. bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B9, *Grant Income.*

Members of the Council

Members of the council have direct control over the council's financial and operating policies. The total of Members' allowances paid in the year is disclosed in Note B6 to these accounts, *Members' Allowances*.

Upon their election to serve the authority all Members of the Council are required to complete a declaration of Members' interests form. The form requires any conflicting or relevant outside interests to be declared. If at any point a Council decision is required which impacts upon an individual or an organisation which they have an interest in, the Member is require to leave the Council chamber for the duration of the debate and abstain from the decision making process [voting].

Individual Member declarations are available to view via the Council website.

- Two Cabinet Members have declared an interest as a Town or Parish Councillor where precepts and grants (£4,884) were awarded during 2019/20.
- One Cabinet Member was nominated by the Council to sit on the board of Cotswold Conservation Board, who received a grant of £21,286 from the Council during 2019/20.

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the award of grant and loan.

In addition to being District Council Members, as at 31 March 2020 four of the Council's Members are also Members of Gloucestershire County Council (six as at 31 March 2019).

Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional judgement. On an annual basis, senior officers in positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest.

Declarations are sought even where no conflicts of interest have been reported. There were no declarations that required further disclosure in this statement of accounts.

West Oxfordshire District Council

Up until November 2017 the Council shared a number of senior staff with West Oxfordshire District Council. On the 1 November the majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited. Following the transfer the Council only shares the Legal function, counter fraud unit and up until June 2020 a shared Chief Finance Officer.

During 2019/20 Cotswold District Council shared its Chief Finance Officer with West Oxfordshire District Council under a joint working relationship. The CFO is an employee of, and paid by, Cotswold District Council. While the Officer is shared and has influence in both Cotswold District Council and West Oxfordshire District Council, she is required to act separately for each Council. Decisions on overall policy and the strategic direction are set by Cabinet and Council in each Council, with the CFO enacting the Members' will.

Publica Group (Support) Limited

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

Cotswold District Council, along with West Oxfordshire, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

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

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

At 31 March 2020 the Council owed Publica £267,979 (31 March 2019, £7,002) and was owed £369,686 (31 March 2019, £314,211).

Ubico Ltd

Ubico Ltd. was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012. The Council holds an equal 1/7th shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Ltd must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/7th shareholding in Ubico Ltd, and a place on the Board of Ubico Ltd, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico Ltd. board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico Ltd.

At 31 March 2020, Ubico Ltd owed the Council £366,474 (2018/19, £484,115) and the Council owed Ubico Ltd (creditors and receipts in advance) £27,313 (2018/19, £201,516).

Other Public Bodies

As a council tax billing authority the Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and the Town and Parish Council's within the district. Precepts for the County Council and Police Authority are shown within the Collection Fund – Town and Parish precepts are shown in the *Comprehensive Income & Expenditure Statement*.

The Council is also a member of the Gloucestershire Business Rates Pool. Payments to and from the Pool are administered by Stroud District Council as pool lead.

The Council provides retirement benefits to its employees. The Local Government Pension Scheme is administered by Gloucestershire County Council (see Note E1).

E10. Events After The Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on xx July 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

It has been agreed that despite the continuing impact of the Coronavirus pandemic, there are no non-adjusting events after the Balance Sheet date.

CASH FLOW STATEMENT

	Note	2018/19 £	2019/20 £
Net surplus or (deficit) on provision of services		(362,313)	(3,105,987)
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	*F1*	6,640,535	3,152,892
Adjustments for items included in the net surplus or (defecit) on the provision of services that are investing or financing activities	*F2*	(798,045)	(4,203,996)
Net cash flows from Operating Activites		**5,480,177**	**(4,157,091)**
Investing Activities	*F3*	792,019	2,625,802
Financing Activities	*F4*	(2,033,039)	(23,429)
Net increase or (decrease) in cash and cash equivalents		**4,239,157**	**(1,554,718)**
Cash and cash equivalents at 1 April		2,772,753	7,011,910
Cash and cash equivalents at 31 March		**7,011,910**	**5,457,192**
Comprising:			
Cash and bank current accounts		300,277	(229,811)
Money Market Funds		5,001,657	5,591,145
Short Term Deposits (Call Accounts)		1,709,976	95,858
		7,011,910	**5,457,192**

NOTES TO THE CASH FLOW STATEMENT

F1. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2018/19 £	2019/20 £
Depreciation, amortisation and impairment	1,730,635	1,749,977
Increase / (decrease) in creditors	1,299,664	(122,007)
(Increase) / decrease in debtors	1,847,817	(2,829,262)
Increase / (decrease) in provision for bad debts	(39,699)	(2,199)
(Increase) / decrease in inventories	5,815	669
Pensions' liability	1,140,000	886,000
Carrying amount of non current assets sold	9,134	2,891,355
Increase / (decrease) in provisions	1,020,701	(1,011,481)
Movements in the fair value of investment properties	214,400	441,020
Movements in the fair value of financial instruments	198,594	1,144,396
Other non cash items charged to Surplus/Deficit on Provision of Services	(786,526)	4,424
	6,640,535	**3,152,892**

F2. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities

	2018/19 £	2019/20 £
Capital grants applied to the financing of capital expenditure	(413,175)	(721,021)
Proceeds from the sale of non current assets	(9,134)	(2,891,355)
Unattached capital receipts	(375,736)	(591,620)
	(798,045)	**(4,203,996)**

F3. Investing Activities

	2018/19 £	2019/20 £
Purchase of property, plant & equipment and other capital investment	(687,170)	(3,671,418)
Purchase of short term and long term investments	(35,000,000)	(25,000,000)
Proceeds from the sale of non current assets	1,465,135	1,015,561
Proceeds from disposal of short term and long term investments	35,000,000	30,007,919
Other (reciepts) / payments from investing activities	14,054	273,740
	792,019	**2,625,802**

F4. Financing Activities

	2018/19 £	2019/20 £
Repayment of short term borrowing	(2,000,000)	0
Finance Lease repayments	(32,338)	(23,429)
Other payments from financing activities	(701)	0
	(2,033,039)	**(23,429)**

COLLECTION FUND

This "Agent's" statement shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non Domestic Rates (Business Rates).

2018/2019 Business Rates £	2018/2019 Council Tax £	2018/2019 Total £		Note	2019/2020 Business Rates £	2019/2020 Council Tax £	2019/2020 Total £
0	(67,752,318)	(67,752,318)	Council Tax receivable	*G1*	0	(72,080,794)	(72,080,794)
(33,192,201)	0	(33,192,201)	Business Rates Receivable	*G2*	(32,356,918)	0	(32,356,918)
(826,436)	0	(826,436)	Transitional Protection Payments		(538,979)	0	(538,979)
(2,103,922)	0	(2,103,922)	Contribution to previous year's deficit		(578,659)	0	(578,659)
(36,122,559)	**(67,752,318)**	**(103,874,877)**	**Total Income**		**(33,474,556)**	**(72,080,794)**	**(105,555,350)**
			Apportionment of previous year's surplus				
0	170,585	170,585	Cotswold District Council		0	96,878	96,878
0	1,026,594	1,026,594	Gloucestershire County Council		0	599,609	599,609
0	186,722	186,722	Gloucestershire Police & Crime Commissioner		0	110,213	110,213
0	1,383,901	1,383,901			0	806,700	806,700
			Precepts, Demands and Shares				
0	0	0	Central Government		16,376,662	0	16,376,662
16,414,202	8,022,767	24,436,969	Cotswold District Council		13,101,328	8,547,426	21,648,754
16,414,202	49,655,391	66,069,593	Gloucestershire County Council		3,275,332	53,925,374	57,200,706
0	9,127,047	9,127,047	Gloucestershire Police & Crime Commissioner		0	10,441,190	10,441,190
32,828,404	66,805,205	99,633,609			32,753,322	72,913,990	105,667,312
			Charges on the Collection Fund				
161,425	28,001	189,426	Write-offs of uncollectable amounts		144,033	86,821	230,854
1,470,146	95,235	1,565,381	Increase / (decrease) in Bad Debt / Appeals Provisions	*G3*	(940,703)	(400,000)	(1,340,703)
179,327	0	179,327	Cost of Collection		180,554	0	180,554
83,627	0	83,627	Disregarded Amounts	*G4*	74,118	0	74,118
0	0	0	Interest on refunds		0	0	0
1,894,525	123,236	2,017,761			(541,998)	(313,179)	(855,177)
34,722,929	**68,312,342**	**103,035,271**	**Total Expenditure**		**32,211,324**	**73,407,511**	**105,618,835**
(1,399,630)	**560,024**	**(839,606)**	**(Surplus) / Deficit for the Year**		**(1,263,232)**	**1,326,717**	**63,485**
3,702,170	(1,263,188)	2,438,982	(Surplus) / Deficit brought forward		2,302,540	(703,164)	1,599,376
2,302,540	**(703,164)**	**1,599,376**	**(Surplus) / Deficit carried forward**	*G5*	**1,039,308**	**623,553**	**1,662,861**

G1. Council Tax System

Under the council tax system, Cotswold District Council must collect each year enough money from local residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges.

Council Tax was introduced on 1 April 1993, and is a property based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an “equivalent number of Band D dwellings”. The table below shows the calculation for 2019/20.

Valuation Bands		Estimated number of taxable dwellings*	Ratio	Equivalent number of Band D dwellings
A-	Band A - entitled to disabled relief reduction	0.00	5/9	0.00
A	up to £40,000	0.00	6/9	0.00
B	£40,001 - £52,000	0.00	7/9	0.00
C	£52,001 - £68,000	0.00	8/9	0.00
D	£68,001 - £88,000	0.00	1	0.00
E	£88,001 - £120,000	0.00	11/9	0.00
F	£120,001 - £160,000	0.00	13/9	0.00
G	£160,001 - £320,000	0.00	15/9	0.00
H	over £320,001	0.00	18/9	0.00
	Contributions in lieu (South Cerney Barracks)	-	-	0.00
				0.00
	Adjustments for collection rates and anticipated changes during the year			0.00
** adjusted for discounts and exemptions*				**0.00**

The total number of “equivalent Band D dwellings” is divided into the total cost of services to arrive at an “average Band D Tax” per dwelling. Dwellings in bands below “Band D” will pay proportionately less than this average and dwellings in bands above “Band D” will pay proportionately more than this average.

The above calculations resulted in an “average Band D Tax” of £1,673.12 per dwelling for 2019/20 (2018/19 - £1,585.10), This figure includes precept figures payable to Gloucestershire County Council, the Police and Crime Commissioner for Gloucestershire and Cotswold District Council but excludes the amount payable to Town & Parish Councils.

G2. National Non Domestic Rates

Under the Business Rates Retention Scheme the Council acts as both principal and agent, in that it is able to retain 40% of the net standard business rates collected within the local area as income within its own budget, net of tariff payable to central government, as well as 100% of net rates from properties relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 10% to Gloucestershire County Council.

	2018/19 £	2019/20 £
Total Non Domestic Rateable Value at 31 March	£89,343,188	£89,279,193
National Non-domestic Rate Multiplier - Higher	49.3p	50.4p
National Non-domestic Rate Multiplier - Lower [Small Business]	48.0p	49.1p

The Business Rates receivable amount on the face of the Collection Fund Account is lower than the total of Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs including Small Business Rate Relief and other mandatory and discretionary rate reliefs.

G3. Tax Payers' Arrears & Provisions for Uncollectable Amounts

Provision has been made for uncollectable tax payers' debts. At 31 March the provisions on the Collection Fund were as follows:

	2018/19 £	2019/20 £	% of arrears
Council Tax	(541,943)	(141,942)	7.5%
National Non Domestic Rates	(387,657)	(459,911)	35.6%
	(929,600)	**(601,853)**	

G4. Business Rates – Disregarded Amounts

From April 2013 the Council was allowed to retain 100% of the growth from the business rates associated with renewable energy sites. All such growth is transferred to the Council's General Fund.

G5. Collection Fund Balance Sheet Apportionment

The apportionment of the balances on the Collection Fund as at 31 March 2020 is as follows:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	221,379	1,396,674	n/a	270,428
Bad Debt Provision	(16,639)	(104,977)	n/a	(20,326)
Prepayments and Overpayments	(191,027)	(1,205,179)	n/a	(233,350)
(Surplus) / Deficit at 31 March	73,097	461,164	n/a	89,292
Business Rates				
Debtors	516,211	129,053	645,264	n/a
Bad Debt Provision - Tax Payers	(183,964)	(45,991)	(229,956)	n/a
Bad Debt Provision - Appeals	(1,052,314)	(263,079)	(1,315,391)	n/a
Prepayments and Overpayments	(176,808)	(44,202)	(221,010)	n/a
(Surplus) / Deficit at 31 March	(588,099)	(793,482)	342,301	n/a

Comparative balances as at 31 March 2019 were as follows:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	200,242	1,255,961	n/a	230,856
Bad Debt Provision	(65,083)	(402,819)	n/a	(74,041)
Prepayments and Overpayments	(179,893)	(1,113,410)	n/a	(204,654)
(Surplus) / Deficit at 31 March	(84,444)	(522,652)	n/a	(96,068)
Business Rates				
Debtors	595,416	595,416	0	n/a
Bad Debt Provision - Tax Payers	(193,829)	(193,829)	0	n/a
Bad Debt Provision - Appeals	(2,063,795)	(2,063,795)	0	n/a
Prepayments and Overpayments	(342,158)	(342,158)	0	n/a
(Surplus) / Deficit at 31 March	991,444	511,973	799,123	n/a

1. SCOPE OF RESPONSIBILITY

Cotswold District Council is responsible for ensuring that:

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

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

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

The Council has developed and approved a Code of Corporate Governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework'). This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its "Statement on the Role of the Chief Finance Officer in Local Government (2015)*"*. The Annual Governance Statement (AGS) reflects compliance of this statement for reporting purposes. The Council's Chief Finance Officer is the Statutory Section 151 Officer (Section 151 Officer).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

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

The governance framework has been in place at Cotswold District Council for the year ended 31st March 2019 and up to the date of approval of the Annual Statement of Accounts.

3. THE GOVERNANCE ENVIRONMENT

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

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA* Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints from the public;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

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

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law • Behaving with Integrity • Demonstrating strong commitment to ethical values • Respecting the rule of the law
• The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by separate Codes of Conduct for Members and Officers, and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. • Declarations are made at meetings by Members, and Officers, where appropriate and are recorded in the minutes of the meeting. The Members Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded. • Registers of Interest are completed annually by Members and Officers and a Register of Gifts and Hospitality is maintained. Members are reminded quarterly to update the Register of Interests. • The Monitoring Officer and Section 151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team. • Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures and all legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee. • Whistleblowing policies have been ratified by Cabinet. A Gloucestershire wide Counter-Fraud unit is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to Audit Committee twice a year.

B. Ensuring openness and comprehensive stakeholder engagement
- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

- Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
- An Annual Report is published each year, which summarises financial and other performance over the previous financial year and sets out the Corporate Plan for the current year.
- All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what the Council is trying to be achieve. Reports also address financial legal, equalities, risk and sustainability implications to aid understanding of the potential impact of their recommendations.
- The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution
- A Scheme of Delegation for officers is included within the Constitution
- Communication channels with staff include one-to-one meetings, a weekly update email, an intranet site.
- A Customer Feedback form is available publicly for handling comments, complaints and compliments.
- The Council maintains clear channels of communication with all sections of the Community and other Stakeholders
- The ability for Members of the Public to ask questions at Cabinet meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
- A report is produced annually regarding the performance of the council and the achievement of its aims and objectives. The report is published on the Council's website.
- The Council publishes Transparency data on its website which includes, supplier payments, Senior Management Structure Charts, Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information Request and the procedure that will be followed to answer the request.

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

- The Council's vision is contained within the Corporate Strategy 2016-19, which also states the Aim and Priorities of the organisation. Corporate and Service Plans are drafted and updated annually to support the delivery of the Council's Aim and Priorities.
- Key tasks identified in Service Plans feed into individual work plans/appraisals.
- The Corporate Strategy deals with the Council's approach to environment and sustainability issues. Detailed proposals arising from the Corporate Strategy are Individually assessed as they are developed and are included within decision making reports to Members.
- The financial implications of delivering against the Council's Aim and Priorities are included within the Council's Medium Term Financial Strategy, Revenue Budgets and Capital Programme, Capital Strategy, Investment Strategy and Treasury Management Strategy. These key financial documents are updated annually in advance of the forthcoming financial year.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

- The Council has, with three other Councils, created a company, Publica Group (Support) Ltd (Publica), to deliver more efficient and improved services. Where possible, processes have/are being aligned to ensure consistency across the partner Councils. However, the Councils have retained decision making powers over service policies, outcomes and standards. Publica is the Council's most significant contractor. In recognition of this, the Council will monitor the contractor's performance by:
  - Considering Publica's Annual Report at Council;
  - Considering Publica's draft Business Plan annually at the Overview and Scrutiny Committee and Cabinet in February/March each year;
  - Requiring, as appropriate, representatives from Publica to attend relevant Scrutiny Committee(s) to support discussion on quarterly performance reports;
  - Receiving monthly "Keeping You Connected" updates by email from Publica to all Members;
  - Meeting informally with Cabinet Members together with invited Members from other parties/scrutiny representatives on a regular basis (at least every six months) to discuss: progress against the Business Plan; identify any key risks and challenges outside of the company or Council control; budget monitoring and service delivery matters;
  - Develop informal mechanisms to share best practice, learning and Councillor development.
- In addition to the creation of Publica, the Council continues to secure savings through its procurement processes.
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, development and delivery of Corporate and Service Plans, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- Corporate and Service risk registers are discussed and reported quarterly.
- Key Performance Indicators are identified and included in the Service Delivery Plans for each service, these are reported quarterly.
- Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.
- The Medium Term Financial Strategy (MTFS) is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it • Developing the entity's capacity • Developing the capability of the entity's leadership and other individuals
• One of the reasons behind the creation of Publica is to increase capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke, specialist advice. • The move to provision of services via wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors. • There is a Scheme of Delegation at Member level covering the Council, Cabinet, Individual Cabinet Members and Other Committees. Similarly, there is a Scheme of Delegation for officer decisions delegated to them. These are reviewed and revised as structures at Council and Officer level change. • Financial Rules were published in 2012; minor changes to the Rules to reflect operational practice were made by the Council's Chief Finance Officer in July 2015 and reported to the Cabinet. The Financial Rules are due to be reviewed and updated during 2019/20 to reflect changes resulting from the introduction of the new service delivery company and any other operational updates. • An induction programme is available to new employees and members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings. • Officers undertake regular 121 meetings with their line manager. As part of these 121 meetings, Offices discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge. • The Head of Paid Service, the Section 151 Officer, the Monitoring Officer and The Leader of the Council have clear roles and responsibilities and these are contained within the Constitution along with the Member/Officer Protocol.

F. Managing risks and performance through robust internal control and strong public financial management • Managing risk • Managing performance • Robust internal control • Managing data • Strong public financial management
• Responsible officers are required to maintain Service / Operational Risk Registers and Senior Officers review the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to Members and Cabinet on a regular basis. • Risks are identified when undertaking Internal Audit reviews and reported when necessary. • Performance Management, measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources. • Performance is measured on a regular basis and reported to Overview and Scrutiny Committee and Cabinet. • Minutes of meetings are published and highlight the challenge made by Members to Officers/Cabinet Members. • The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities. The internal audit team provide the internal audit service to both the Council and Publica Group (Support) Ltd which strengthens the Council's oversight of Publica as its most significant contractor. • A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the Section 151 Officer. The Audit Plan is approved at Audit Committee prior to the financial year. • Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit Committee, on a quarterly basis. • Recommendations made in audit reports are followed up 6 months after the completion the audit and findings reported to Audit Committee. • The Audit Committee's Terms of Reference are contained within the Constitution. Members of the Committee have experience of scrutinising financial and audit reports. Training is provided as appropriate. • A County Wide Counter Fraud Unit is hosted by this Council and supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by Management. • An ICT Audit and Compliance Manager has responsibility for Data Protection policies and ensuring officers are informed. • The Council is part of the Gloucestershire Information Sharing Partnership. This will enable data to be shared when necessary. • Audit reviews ensure data is held securely whether electronic or hard-copy. • The MTFS is reviewed and updated on a regular basis to ensure the Section 151 Officer, Directors and Members are aware of the financial standing of the Council.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective accountability
• The Council publishes an Annual Report which reports on the Council's activities for the previous financial year. Data in respect of transparency is published on the Council's website. • The Council's Statement of Accounts is produced and published annually in accordance with statutory requirements. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met it's governance reporting obligations • External Audit recommendations are reported to Audit Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported. • Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to Audit Committee, further follow-up is planned if recommendations have not been actioned in full.

4. REVIEW OF EFFECTIVENESS

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

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:
Senior Managers within Public and the Council complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement. Corporate Team (including the Section 151 Officer and the Monitoring Officer) review the Corporate Risk Register on a quarterly basis and Service Risk Registers being maintained by management. The SWAP Assistant Director (Head of Internal Audit) provides the Audit Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements. Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined by the Monitoring Officer and an Independent Person(s). Induction processes are carried out for newly elected members. The Section151 Officer ensures training and awareness sessions are carried out for the Audit Committee periodically. The External Auditors (Grant Thornton) present progress reports to the Audit Committee. The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit Committee. Quarterly performance reports, including the Corporate Risk Register and budget position, are presented to Cabinet and the Overview and Scrutiny Committee, demonstrating performance management against agreed Service Plans, performance indicators and budgets.

The Audit Committee review the Annual Governance Statement.

The Audit Committee review the Annual Statement of Accounts, the Treasury Management Strategy, Capital Strategy, Investment Strategy and reports from both Internal Audit (SWAP) and External Audit (Grant Thornton), including quarterly progress reports.

Full Council approves the annual budget, reviews and approves the Treasury Management Strategy, Capital Strategy, and Investment Strategy following recommendations from the Audit Committee.

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

The Annual Internal Audit Opinion for 2018/19, in respect of the areas reviewed during the year, was 'Reasonable Assurance'.

The Council's Financial Rules and Contract Rules are kept under review and revised periodically.

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP or Grant Thornton.

5. SIGNIFICANT GOVERNANCE ISSUES DURING 2018/2019

In preparing this statement and reviewing the effectiveness of the governance arrangements a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

No.	Key Area of Focus	Planned Actions
1	Member induction following elections	The Council will be holding elections in May 2019 and will need to ensure that Members, particularly new Members, receive appropriate support and training to enable them to fulfil their role effectively.
2	Update Corporate Strategy	Following elections in May 2019, the Council will need to produce a new Corporate Plan, setting out its aims and objectives for the next four years.
3	Publica Ltd	The Council needs to embed the governance arrangements relating to Publica. This includes implementing new Service Delivery Plans which will enable improved performance reporting using a new set of Key Performance Indicators and new arrangements for engagement between Publica and Council Members.
4	General Data Protection Regulation (GDPR)	The Data Protection Regulatory framework changes in May 2018. The Council has an approved action plan which it needs to ensure is implemented in a timely manner to ensure it is compliant with the new requirements.
5	Ubico Ltd	A review to be carried out of the current governance arrangements with Ubico Ltd. and how this can be strengthened.
6	S106 Agreements and Funds	To implement internal audit recommendations relating to service area consultation as part of negation of S106 Agreements, lack of monitoring of S106s, timelines of income and payments to third parties, reporting of S106s.

The Annual Internal Audit Opinion, as drafted by the SWAP Assistant Director (Head of Internal Audit), lists 34 pieces of audit work being conducted during 2018/19, which includes consultancy and advisory services. 18 assurance reviews were completed during the year.

Internal Audit follow-up reviews were conducted during 2018/19 on areas where weaknesses were identified in the previous year. Good progress has been made on implementing the recommendations. There were 66 recommendations from 2017/18, as at July 2019 there were 2 “Priority 2” recommendations and 8 “Priority 3” recommendations outstanding or where implementation has been delayed. 1 recommendation remains subject to a follow up review.

6. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

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

Signed on behalf of Cotswold District Council:

Joe Harris
Leader of the Council

Jenny Poole
Acting Head of Paid Service

Date:

Date:

INDEPENDENT AUDITOR'S REPORT

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Accounting Period
The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Statements
The Council's Core Financial Statements and Supplementary Financial Statements.

Accruals
Sums included in the accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses [Defined Benefit Pension Scheme]
Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

Amortisation
A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for non-current assets.

Appointed Auditors
The Local Audit and Accountability Act 2014 includes a statutory requirement that a local authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2018/19, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSSA) for Local Government Authorities that have opted into its national scheme. Grant Thornton UK LLP is the Council's appointed auditors for the period 2018/19 to 2022/23.

Billing Authority
A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

Business Rates (NNDR/NDR)
Rates payable on business (non-domestic) premises based on their Rateable Value.

Capital Expenditure
Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

Capital Programme
The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts
Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

Collection Fund
A statutory fund maintained by a billing authority, which is used to record local taxes and Non-Domestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund.

Community Assets
Assets which the Authority intends to hold in perpetuity, that have no determinable finite useful life and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

Contingent Asset
A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability
A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

Council Tax
A local tax on domestic properties set by the billing and precepting authorities. The level is determined by the revenue expenditure requirements for each authority divided by the tax base for the year.

Council Tax Base
The amount calculated by each billing authority from which the entitlement of its share is derived.

Creditors
Amounts owed by the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been made.

Current Service Cost [Defined Benefit Pension Scheme]
The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

Curtailment [Defined Benefit Pension Scheme]
An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Debtors
Amounts due to the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been received.

Depreciation
The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

Direct Revenue Financing (DRF)
Resources provided from an authority's revenue budget to finance the cost of capital projects.

Events After the Balance Sheet Date
Those (non-adjusting) events, both favourable and unfavourable, of such materiality that their disclosure is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are authorised for issue by the responsible financial officer.

Exceptional Items
Events or transactions that fall within the ordinary activities of the Authority and need to be disclosed separately due to their size to give fair presentation of the accounts.

Expected Return on Assets [Defined Benefit Pension Scheme]
For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

Finance Lease
A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Under a finance lease, the present value of the lease payments would equate to the fair value of the asset.

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability
An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

General Fund (GF)
The main revenue fund used to meet day-to-day spending on providing Council services.

Government Grants
Grants made by the Government towards either revenue or capital expenditure to support the cost of providing the Authority's services. These grants may be specifically towards the cost of particular schemes ("Specific") or to support the revenue spend of the Authority ("Non-Specific").

Impairment
A reduction in the carrying value of a fixed asset below its carrying value due to obsolescence, damage or an adverse change in the statutory environment.

Infrastructure Assets
A class of asset whose life is of indefinite length and which are usually not capable of being sold, such as highways and footpaths.

Intangible Assets
Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights e.g. IT Software.

Inventories
Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

Investment Property
Land and Buildings non-current assets held only for investment potential.

Liability
A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability

Local Council Tax Support Scheme
Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

Materiality
The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements to a reader.

Net Book Value (NBV)
The amount at which non-current assets are included in the balance sheet.

Net Interest on the Net Defined Benefit Liability [Defined Benefit Pension Scheme]
The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

Non-Current Assets
Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

Non-Current Liabilities
Amounts which will become due or could be called upon beyond the next accounting period.

Non-Operational Assets
Assets held by the Authority but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus land.

Operating Leases
A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

Operational Assets
Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs [Defined Benefit Pension Scheme]
The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

Precept
A levy made by one statutory body (Precepting Authority) on another to meet the net cost of its services.

Precepting Authorities
Those authorities that are not Billing Authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are „major‟ precepting authorities and town and parish councils are 'local' precepting authorities.

Prior Period Adjustments
Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions
Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

Prudential Code
The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2017 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and produce a capital strategy to give weight to local circumstances and explain their approach to borrowing and investment.

Related Parties
Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transactions
The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

Reserves
Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

Revenue Expenditure
Day to day spending on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.

Revenue Expenditure Funded by Capital Under Statue (REFCUS)
Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

Revenue Support Grant
A general grant paid by the Government to Council's contributing towards the costs of their services.

Specific Grants
The term used to describe all government grants, including supplementary and special grants, to local authorities other than Revenue Support Grant and capital grants.

Total Cost
The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

Work In Progress
The cost of work carried out on an uncompleted project at the Balance Sheet date, which should be accounted for within the accounting period.

CIPFA (Chartered Institute of Public Finance and Accountancy)
CIPFA is the professional institute for accountants working in the public sector and the body that publishes the Code of Practice.

IFRS (International Financial Reporting Standards)
IFRS is a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board.

IPSAS (International Public Sector Accounting Standards)
IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

MHCLG (Ministry of Housing, Communities and Local Government)

INDEX OF NOTES TO THE FINANCIAL STATEMENTS