



## Supplement for

### AUDIT AND GOVERNANCE COMMITTEE - TUESDAY, 28 JANUARY 2025

Agenda No	Item
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7.	<b>External Auditors Annual report 2023/24</b> 3 - 154
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Purpose

To update the Committee on the findings of the financial statement and Value for Money (VFM) external audit of the 2023/24 financial year.

External Audit expect to sign the accounts on the w/c 3 February 2025 following the completion of a small number of outstanding points and after the committee have had the opportunity to review the findings of their audit work.

Recommendation

That the Audit and Governance Committee resolves to:

1. Note the Audit Completion Report (Annex A) and revised 2023/24 Statement of Accounts (Annex C)
2. Delegate authority to the Deputy Chief Executive and S151 Officer, in consultation with the Chair of the Audit and Governance Committee, to approve the 2023/24 Statement of Accounts upon receipt of advice for any outstanding issues from the External Auditor.
3. Recommend that the Chair of the Audit and Governance Committee and Deputy Chief Executive and Section 151 Officer sign the Letter of Representation (Annex D)

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# Agenda Item 7



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 28<sup>th</sup> JANUARY 2025</b>
Subject	<b>2023/24 EXTERNAL AUDIT REPORT AND AUDIT OPINION</b>
Wards affected	None
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance and Transformation Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: <a href="mailto:david.stanley@Cotswold.gov.uk">david.stanley@Cotswold.gov.uk</a>
Report author	Michelle Burge, Chief Accountant Email: <a href="mailto:michelle.burge@Cotswold.gov.uk">michelle.burge@Cotswold.gov.uk</a>
Summary/Purpose	<p>To update the Committee on the findings of the financial statement and Value for Money (VFM) external audit of the 2023/24 financial year.</p> <p>External Audit expect to sign the accounts on the w/c 3 February 2025 following the completion of a small number of outstanding points and after the committee have had the opportunity to review the findings of their audit work.</p>
Annexes	Annex A – Audit Completion Report 2023/24 Annex B – Auditor’s Annual Report 2023/24 (NOT YET FINALISED) Annex C- Statement of Accounts 2023/2024 Annex D – Letter of Representation 2023/2024
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"><li>1. Note the Audit Completion Report (Annex A) and revised 2023/24 Statement of Accounts (Annex C)</li><li>2. Delegate authority to the Deputy Chief Executive and S151 Officer, in consultation with the Chair of the Audit and</li></ol>



	<p>Governance Committee, to approve the 2023/24 Statement of Accounts upon receipt of advice for any outstanding issues from the External Auditor.</p> <p>3. Recommend that the Chair of the Audit and Governance Committee and Deputy Chief Executive and Section 151 Officer sign the Letter of Representation (Annex D)</p>
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering Good Services</li></ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Draft accounts were available for public inspection between the 12 <sup>th</sup> August 2024 and 23 <sup>rd</sup> September 2024. The accounts were also available on the Council website.



## **1. BACKGROUND**

- 1.1** The Audit and Governance Committee is responsible for formally approving the audited Statement of Accounts on behalf of the Council. The committee considered the draft unaudited 2023/24 Statement of Accounts and Annual Governance Statement on the 23<sup>rd</sup> July 2024.
- 1.2** The 2023/24 draft Statement of Accounts were published on the 9<sup>th</sup> August 2024 and a training session on the draft Statement of Accounts was held for all Committee Members on the 17<sup>th</sup> September 2024.
- 1.3** Members will be aware of the wider delays with the audit of the accounts and receiving audit opinions across local government. The statutory deadline for completing the 2023/24 audit was the 30<sup>th</sup> September 2024, on the 9<sup>th</sup> September 2024, the Secretary of State for MHCLG laid regulations to introduce statutory deadlines for publication of audited accounts amending the Accounts and Audit Regulations 2025. These came into force on the 30<sup>th</sup> September with the intention of addressing the backlog in local government accounts. For the 2023/24 financial year, under these new regulations, an authority must publish its accountability statement (namely its audited statement of accounts, annual governance statement and narrative statement) on or before 28<sup>th</sup> February 2025.
- 1.4** Bishop Fleming, the Council's external auditors undertook their audit of the 2023/24 Statement of Accounts between September 2024 and January 2025.
- 1.5** External Audit's work in respect of Value for Money (VFM) also requires them to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

## **2. ACCOUNTS AUDIT**

- 2.1** The audit is now substantially complete and subject to a small number of outstanding items being resolved; Bishop Fleming anticipate issuing an unqualified audit opinion.
- 2.2** Attached to this report at Annex A is the 2023/24 Audit Completion Report for Cotswold District Council. The report details the work undertaken by Bishop Fleming



as part of their formal audit of the accounts. It outlines the key findings and matters arising from the statutory audit process.

- 2.3** Bishop Fleming have not identified any material errors or adjustments to the financial statements. No adjustments have been identified that result in an adjustment to the Council's Comprehensive Income and Expenditure Statement or Balance Sheet. A small number of adjustments have been made to improve the presentation of the financial statements as set out in section six of Bishop Fleming's report.
- 2.4** One adjusted item is listed in section six in relation to the understatement of Cotswold District Council's share of the asset value in the Gloucestershire County Council Pension Fund as reported by KPMG, this item has not been adjusted as management consider it is not material to the financial statements.
- 2.5** There are two recommendations included in section seven of the Audit Completion Report, both relate to issues that would, if corrected, improve internal controls in general and engender good practice, but are unlikely to have a material impact on the financial statements. Management has provided responses as set out on page 14.
- 2.6** Once approved, the audited statements will be published on the Council's website and a notice advertised of the full completion of the audit.

### **3. VALUE FOR MONEY AUDIT**

- 3.1** Bishop Fleming's work on the Value for Money (VFM) conclusion in respect of the Council's arrangements for the year ended 31 March 2024 is complete.
- 3.2** Bishop Fleming is satisfied that the Council has made proper arrangements in securing economy, efficiency and effectiveness in its use of resources. Their work is reported separately in the Auditor's Annual Report (Annex B). Work was carried out in accordance with the External Audit Plan issued to the Council in July 2024.
- 3.3** The Code of Audit Practice requires external audit to report on the Council's arrangements under three specified reporting criteria:
- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
  - Governance – how the Council ensures it makes informed decisions and properly manages its risks; and



- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

**3.4** No significant weaknesses were identified in the Councils arrangements. One recommendation was made for improvement in respect of financial sustainability. Three recommendations from 2022/23 remain ongoing, two in respect of governance arrangements and one in relation to improving economy efficiency and effectiveness, as outlined in section 8 of the Auditor's Annual Report (Annex B).

#### **4. THE LETTER OF REPRESENTATION**

**4.1** To complete the audit process the Council is required to submit a letter of representation to Bishop Fleming to complement the financial statements and confirm that the financial statements give a 'true and fair view' in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

**4.2** A draft copy of the letter is included in Annex D to this report.

**4.3** The Chair of the Audit and Governance Committee and the Deputy Chief Executive and Section 151 Officer are asked to sign the Letter of Representation under recommendation (3) to this report. Bishop Fleming are not able to issue their opinion on the accounts until the letter of representation has been received.

#### **5. ALTERNATIVE OPTIONS**

**5.1** None

#### **6. FINANCIAL IMPLICATIONS**

**6.1** There are no financial implications arising from this report.

#### **7. LEGAL IMPLICATIONS**

**7.1** The Council is required to approve the Statement of Accounts to comply with the Accounts and Audit Regulations 2015.

#### **8. RISK ASSESSMENT**



9. If the Audit and Governance Committee do not approve the audited Statement of Accounts, the Council will not comply with the Accounts and Audit Regulations 2015.

**10. EQUALITIES IMPACT**

**10.1** None

**11. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**11.1** None

**12. BACKGROUND PAPERS**

**12.1** None

(END)



# Audit Completion Report Cotswold District Council

For the year ended 31 March 2024



Date: 22 January 2025

Those Charged with Governance  
Cotswold District Council  
Trinity Road  
Cirencester  
Gloucestershire  
GL7 1PX

Dear Sirs and Madams

### **Cotswold District Council – Audit Completion Report**

We are pleased to attach our Audit Completion Report. This report summarises our audit conclusions, highlights the key findings arising from our work and details a number of points that we would like to discuss further with you.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of management and those charged with governance of the Council and should not be shared with anyone beyond the Council without our prior approval.

We would like to take this opportunity to thank the finance team for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

**BISHOP FLEMING LLP**

## Contents

1. Executive summary.....	2
2. Introduction.....	4
3. Audit and accounts process.....	6
4. Audit risks.....	8
5. Other audit and financial reporting matters.....	12
6. Audit Adjustments.....	13
7. Management letter points and internal control systems.....	14
8. Other matters.....	16

## Appendices

1. Letter of representation
2. Required communications with the Audit and Governance Committee

# 1. Executive summary

## Status of audit

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Our audit is largely complete, however, is subject to the resolution of certain outstanding queries outlined in section 2. Subject to the satisfactory finalisation of these points, we anticipate issuing an unmodified audit report.

## Key audit issues

Within our Audit Plan which was presented to the Audit and Governance Committee in July 2024, we outlined a number of risks that we considered to be of particular significance to the audit. Our plan also detailed our planned approach for addressing each of these risks.

The specific risks highlighted were as follows:

- Management override of controls;
- Fraud in revenue recognition;
- Fraud in expenditure recognition;
- Valuation of land and buildings;
- Valuation of investment properties; and
- Valuation of the pension fund net liability.

Our audit work has been satisfactorily completed on each of the above areas.

## Audit Adjustments

During the course of our work, no adjustments were identified which needed amending in the financial statements.

Further adjustments were proposed but not made, as those charged with governance do not consider them to be material to the financial statements. We accept this explanation.

Full details of the adjustments identified are included in section 6 to this report.

## Management Letter Points and Internal Control Matters

A number of control points were identified during the course of our work and these are further detailed in section 7 to this report. Of the matters noted, none are considered to have an important effect on your system of internal control.

## Value for Money

We are also required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The National Audit Office's Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

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

Our work has not identified any significant weaknesses; see section 8 for more details. The results of the Value for Money work are reported separately in our Auditor's Annual Report.

## Independence

The FRC Ethical Standard and ISA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

We are not aware of any relationships that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgment, Bishop Fleming is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

## 2. Introduction

### Responsibilities of the audited body

The audited body is responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary. Therefore, it is essential that it confirms that our understanding of all matters referred to in this report are appropriate, having regard to its knowledge of the particular circumstances.

We would point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of Cotswold District Council.

In consequence, our work did not encompass a detailed review of all aspects of the system and controls and cannot be relied upon necessarily to disclose possible frauds or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might reveal.

### Materiality

In carrying out our audit work we have considered whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in context of the financial statements as a whole.

In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements.

	Basis of materiality	Amount
Cotswold District Council	2% of gross income	£1,015,000

The level of materiality is unchanged since our Audit Plan.

### Anticipated audit report

Subject to the satisfactory resolution of the outstanding items, and to receiving all outstanding information set out below, we anticipate issuing an unmodified audit report on the financial statements of Cotswold District Council for the year ended 31 March 2024.

### Letter of Representation

The draft letter of representation is attached at Appendix 1.

## Update on our planned approach

Our audit work was carried out in accordance with our Audit Plan in response to the perceived audit risks. No matters were identified which required us to change our approach and no additional risks were identified.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Final senior review of workings papers and the accounts
- Completion of testing of Central Government, Local Authority, CIL, Collection Fund and non-current debtors.
- Completion of testing of Central Government, Covid Business Grant and Receipts in Advance creditors.
- Completion of testing of the business rates appeals provision.
- Completion of testing of the statement of cash flows.
- Completion of testing on the MIRS statement.
- Receipt of third party confirmations for short term investments

We will also need to complete the following tasks as part of our usual completion procedures:

- To consider post balance sheet events prior to signing
- Approval of the financial statements
- Receipt of the signed management representation letter

## Confidentiality

This document is strictly confidential and although it has been made available to those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Council arising under the Local Audit and Accountability Act 2014 (the Act) and from the Code of Audit Practice. The contents of this report should not be disclosed to third parties without our prior written consent.

### 3. Audit and accounts process

The preparation of the financial statements is a vital process for the management of the Council and one which should be performed on a timely basis. We met with senior officers as part of our planning work to discuss how we would work together to make the audit process effective.

We discussed key accounting issues early, so they could be considered before the audit commenced.

<b>Readiness for audit</b>	<input type="checkbox"/>
<b>Quality of financial statements</b>	<input checked="" type="checkbox"/>
<b>Accuracy of financial records</b>	<input checked="" type="checkbox"/>
<b>Quality of working papers</b>	<input checked="" type="checkbox"/>
<b>Availability of Staff</b>	<input checked="" type="checkbox"/>

#### Key (Impact on audit approach)

Adequate	<input checked="" type="checkbox"/>
Below expectations	<input type="checkbox"/>
Inadequate	<input type="checkbox"/>

We invested significant time into the audit running as smoothly as possible. In addition to carrying out a review of the predecessor auditor's working papers, we also met with Grant Thornton to discuss key issues and ensure we had a clear understanding of the prior year audit. At the start of the audit, we held planning meetings with the finance team. During the final audit, we had regular calls with the finance team including the Chief Accountant.

As a result of the investment made by both parties, the audit has generally proceeded smoothly, although some areas have taken longer to audit than we had expected. These included debtors and creditors testing, where we are still awaiting evidence for the balances we sampled.

We are keen to continually improve our service and the effectiveness of the process and therefore will hold a debrief discussion with management to identify areas where the audit process can be improved.

#### Readiness for audit

The draft statement of accounts was published in August 2024, several months after the statutory deadline, however this was far enough in advance as to not affect the timing of the audit.

The audit fieldwork was rescheduled for several weeks after the agreed start date as the finance team were not ready for audit at that time.

Information requested during the fieldwork stage was generally provided promptly to our staff. This made the core audit work progress relatively smoothly, although there were delays in some areas. Most notable was in respect of evidence for the Council's debtors and creditors balances.



### **Quality of financial statements**

We have not identified any significant omissions from the draft financial statements. We identified minor points of internal consistency and casting during our review of the financial statements.

### **Accuracy of financial records**

The majority of the underlying financial records were accurate, agreed to the information provided in the audit file and were easy to understand.

### **Quality of working papers**

The quality of the working papers and supporting evidence provided was generally good, although there were some areas where audit evidence provided was delayed. We consider that this largely relates to this being a first year audit and do not anticipate similar issues reoccurring next year.

### **Availability of Staff**

Key members of the finance team made themselves available to us throughout the audit where possible. We were kept informed of any instances when staff were not available.

## 4. Audit risks

### Management override of controls

#### Significant Risk

We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed.

#### Work done and conclusion

To address this risk, we have:

- reviewed the reasonableness of accounting estimates and critical judgements made by management;
- tested journals with a material impact on the results for the year; and
- considered a sample of other journals with key risk attributes.

In testing journals, we used data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.

Our work in this area is subject to final manager and partner review. We have not identified any material errors from our work carried out.

### Fraud in revenue recognition

#### Significant Risk

There is also a presumption under auditing standards that the risk of fraud in revenue recognition is considered to be a significant risk area.

#### Work done and conclusion

Having considered the risk factors set out in ISA240 and the nature of the revenue streams of the Council, we have concluded that the risk of fraud arising from revenue recognition can be rebutted because:

- There is little incentive to manipulate revenue recognition;
- Opportunities to manipulate revenue recognition are very limited; and
- The culture and ethical framework of local authorities, including Cotswold District Council, mean that all forms of fraud are seen as unacceptable.

## Fraud in expenditure recognition

### Significant Risk

Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom sets out that the risk of fraud related to expenditure is also relevant.

We consider that the risk of fraud at the Council to be around the cut-off at year end.

### Work done and conclusion

At the planning stage, we considered whether we have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.

We concluded that this was not a significant risk for Cotswold District Council because:

- expenditure is well controlled, and the Council has a strong control environment; and
- the Council has clear and transparent reporting of its financial plans and financial position.

## Valuation of land and buildings

### Significant Risk

There is a risk over the valuation of land and buildings due to the high degree of estimation uncertainty, and judgements involved in build valuations.

### Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;
- reviewed the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we assessed how management has satisfied itself that these assets are not materially different from the current value at the year-end;
- reviewed accuracy and completeness of information provided to the valuer, such as floor areas;
- tested a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and
- form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.

We have not identified any material errors from our work carried out.

### Significant Risk

There is a risk over the valuation of investment properties due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements.

### Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;
- reviewed the appropriateness of assumptions used in the valuation of investment properties;
- reviewed accuracy and completeness of information provided to the valuer, such as floor areas;
- tested a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and
- form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.

We have not identified any material errors from our work carried out.

### Significant Risk

There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions.

### Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on the management expert;
- considered the accuracy and completeness of the information provided to the actuary;
- ensured that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary;
- carried out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of the Gloucestershire Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

We have not identified any material errors from our work carried out. We have identified a potential error of £90,000 as a result of misstatements identified by the auditors of the Gloucestershire County Council Pension Fund. This has not been adjusted by management due to the amount being immaterial. Please refer to section 6 for further details.

## 5. Other audit and financial reporting matters

### Audit/Financial Reporting Matters

The macro-economic environment has had a significant effect on the actuarial valuation of the Council's share of the Local Government Pensions Scheme, with initial IAS 19 calculations made as at 31 March 2024 indicating that the fund was in a surplus position.

IFRIC 14 provides guidance from the International Financial Reporting Interpretations Committee on the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liability needs to be recognised in respect of onerous funding commitments. The sector-wide approach to applying IFRIC 14 has developed over the last year as IAS 19 surpluses are becoming more common. This has resulted in some actuaries revising their approach when producing "asset ceiling" calculations that adopt the principles set out in IFRIC 14.

On production of the asset ceiling report for the valuation as at 31 March 2024 the Council's Actuary, Hymans Robertson, determined that an additional liability of £13.7m should be recognised to reflect an onerous funding commitment that results from the Council's commitment to make secondary contributions over the funding horizon period set out at the Triennial Valuation.

The factors that led to this onerous funding commitment were not considered by the Actuary for the valuation as at 31 March 2023. After consideration and consultation with other stakeholders across the sector it was determined that no additional liability arose affecting the prior year balance sheet in respect of this.

## 6. Audit Adjustments

In accordance with the requirements of International Standards on Auditing, we must communicate all adjusted and unadjusted items identified during our audit work, other than those which we believe to be clearly insignificant.

### Adjusted items

No adjusted items were identified during the audit.

### Misclassifications and adjustments to disclosures

The table below provides details of any misclassification and disclosure changes identified during the audit.

Misclassification/ Disclosure change	Audit comment	Adjusted?
Note E1 Pension Disclosure	The asset ceiling cap was not applied within the notes to the account, leading to an inconsistency of £13.7m in the net pension position between the balance sheet and the note.	✓
Note E4 Leases	The Council incorrectly included future lease income relating to the unit which is let out to Wilko, which has entered administration. The total impact on this disclosure is £314k.	✓

### Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below. (These are also set out in the Letter of Representation.)

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Cotswold District Council's share of £3 million understatement of asset values in the Gloucestershire County Council Pension Fund as reported by KPMG (the Pension Fund auditor).	-	90	90	-
<b>Total</b>	-	90	90	-

## 7. Management letter points and internal control systems

The Council's management is responsible for the identification, assessment and monitoring of risk, for developing, operating and monitoring the systems of internal control and for providing assurance to the Those Charged with Governance that it has done so.

In accordance with the terms of our engagement we have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but outline below our observations arising from the audit; none of which are considered significant.

### KEY:



Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.



Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.



Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.

### Current Year Issues

Retention of building plan data	
<p>The Council was unable to provide us with a building plan of the Corinium Museum. This meant that we encountered difficulties without additional enquiries to management in obtaining evidence over the Gross Internal Area (GIA), which is crucial in determining the valuation of a property.</p>	<p><u>Recommendation</u></p> <p>We recommend that the estates team perform a review of building plans against known assets to ensure that records are complete and accurate.</p> <p><u>Management comment</u></p> <p>Agreed. The estates team will perform a review of building plans as part of the 2024/25 valuation exercise to ensure records are complete and accurate.</p>

Capitalisation of Property, Plant and Equipment	
<p>During our testing of fixed assets, we identified that one item within our sample had had its value apportioned between the I&amp;E and the Balance Sheet in line with the funding used to purchase it, which was partially revenue and partially capital.</p>	<p><u>Recommendation</u></p> <p>We recommend that in future, purchases should be recognised either in the I&amp;E or on the Balance Sheet according to their nature, and not the funding stream used to purchase them.</p> <p><u>Management comment</u></p> <p>Agreed. Purchases will only be capitalised based on their nature rather than funding stream.</p>



## Prior Year Issues – Resolved

Investment Properties	
<p>Our work on investment properties did not identify any concerns over the material accuracy of the valuation. We identified an asset where the rental amounts being used in the valuation were not the updated rentals. This was due to the fact the valuer had not been provided with the updated agreement. This creates a risk that valuation amounts are not accurate if the information being used is not up to date. This missing information resulted in a trivial error.</p>	<p><b><u>2022-23 recommendation</u></b></p> <p>The Council should ensure that the valuer is provided with the latest lease agreements.</p> <p><b><u>2023-24 update</u></b></p> <p>We did not encounter this issue in the current year testing and consider the matter resolved.</p>
Journals Authorisation	
<p>In our work on journals authorisation we identified that whilst there is no authorisation at the posting stage the Council has implemented a compensating control whereby monthly retrospective review occurs. The Council remains satisfied that this provides sufficient assurance and we concur with this view.</p> <p>However, we identified that manual journals relating to amounts posted or received through the bank are not subject to approval or the normal monthly review by the Chief Accountant. Therefore, creating a risk that inappropriate journals could be posted.</p>	<p><b><u>2022-23 recommendation</u></b></p> <p>The Council should ensure that all manual journals are appropriately reviewed and authorised.</p> <p><b><u>2023-24 update</u></b></p> <p>We have assessed that management have an adequate compensating control in place and consider the matter resolved.</p>
Collection Fund – NNDR 3	
<p>In our work on the Collection Fund, we noted a £750k difference between the NNDR3 form and the relief details report for Discretionary Relief. The variance is on account of variances in Retail, Leisure &amp; Hospitality Relief and the amount being entered in error onto the NNDR3 form. As the form has been submitted for 2022/23 this will be adjusted in the 2023/24 NNDR form.</p>	<p><b><u>2022-23 recommendation</u></b></p> <p>The Council should ensure that all amounts are entered in line with supporting information.</p> <p><b><u>2023-24 update</u></b></p> <p>We have verified that management made the appropriate adjustment in the 2023/24 NNDR3 form. We consider the matter resolved.</p>

## 8. Other matters

### Other information

We are required to give an opinion on whether the other information published with the audited financial statements (for example, the Narrative Statement and Annual Governance Statement) is materially inconsistent with the financial statement or our knowledge as obtained during the audit.

We have nothing to report in this respect.

### Reporting by exception

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with “Delivering Good Governance in Local Government: Framework 2016 Edition” published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report on these matters.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

### Going concern

Our work has not identified a material uncertainty related to going concern. We are satisfied that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### Value for money arrangements

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The Code of Audit Practice requires us to report on the Council’s arrangements under three specified reporting criteria:

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

We asked management to complete an evidenced self-assessment of the Council’s arrangements. We then reviewed the evidence provided and carried out follow-up work as appropriate to consider whether there are any significant weaknesses in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have not identified any significant weakness and the results of the Value for Money work are reported separately in our Auditor's Annual Report.

### Whole of Government accounts work

Alongside our work on the financial statements, we also review and report to the National Audit Office on the Council's Whole of Government Accounts (WGA) return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have completed the limited procedures required in the National Audit Office's group instructions in respect of our work on the Council's WGA submission. There are no issues to report to the Council

### Audit certificate

At the end of the audit, as auditors, we are required to certify the completion of the audit. The effect of this certificate is to close the audit and marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.

We will be unable to issue our audit certificate alongside the auditor's opinion on the accounts until we have received confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

### Audit fees

Our final fee for the 2023/24 audit is set out below:

	Fee proposed at planning stage (£)	Final fee (subject to approval by PSAA) (£)
PSAA scale fee 2023/24	£136,941	£136,941
ISA 315	TBC	£11,995
Delays in the audit: We noted in Section 3 above that there were some delays in us receiving evidence to support items in the accounts resulting in us having at times to deploy the audit team. There were also significant delays in us receiving the Council's VFM self-assessment meaning that planned resources to undertake this key piece of work had to be redeployed and new resources sought later in the year.	--	£2,500
<b>Total (excluding VAT)</b>	<b>£136,941</b>	<b>£151,436</b>

We can confirm that we have not undertaken any non-audit work at the Council during the year.

# Appendices



# 1. Letter of representation

Bishop Fleming LLP  
10 Temple Back  
Redcliffe  
Bristol  
BS1 6FL

[Date]

Dear Sirs and Madams,

## **Cotswold District Council**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the Cotswold District Council (the Council) financial statements for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

#### **1. General**

We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

All the transactions undertaken by the Council have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit of the Council. We have provided you with unrestricted access to all appropriate persons within the Council, and with all other records and related information requested, including minutes of all Council and Committee meetings.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

#### **2. Internal control and fraud**

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the Council involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud the Council's financial statements communicated by current or former employees, analysts, regulators or others.

### **3. Assets and liabilities**

the Council has satisfactory title to all assets and there are no liens or encumbrances on the Council's assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include PPE and investment property valuations, pension liability and NNDR provisions

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

### **4. Accounting estimates**

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

### **5. Legal claims**

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

### **6. Laws and regulations**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

### **7. Related parties**

Related party relationships and transactions comply with the Council's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

### **8. Subsequent events**

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

### **9. Going concern**

We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

### **10. Annual Governance Statement**

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

### **11. Narrative Report**

The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

.....

Signed on behalf of the Audit and Governance Committee of Cotswold District Council

[Date]

## Appendix A

Factual (F), Judgemental (J), Projected (P)	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Cotswold District Council's share of £3 million understatement of asset values in the Gloucestershire County Council Pension Fund as reported by KPMG [P]	-	90	90	-
<b>Total</b>	-	90	90	-



## 2. Required communications with the Audit and Governance Committee

Under the auditing standards, there are certain communications that we must provide to the Audit and Governance Committee as those charged with governance. These include:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Plan
With respect to misstatements: <ul style="list-style-type: none"> <li>• uncorrected misstatements and their effect on our audit opinion;</li> <li>• the effect of uncorrected misstatements related to prior periods;</li> <li>• a request that any uncorrected misstatement is corrected; and</li> <li>• in writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• a discussion of any other matters related to fraud.</li> </ul>	Audit Completion Report Discussions at Audit and Governance Committees
Significant matters arising during the audit in connection with the entity's related parties.	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> <li>• our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• significant difficulties, if any, encountered during the audit;</li> <li>• significant matters, if any, arising from the audit that were discussed with management;</li> <li>• written representations that we are seeking;</li> <li>• expected modifications to the audit report; and</li> <li>• other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities.</li> </ul>	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations	Audit Completion Report Discussions at Audit and Governance Committees
Significant matters in relation to going concern.	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity.	Audit Completion Report
Confirmation of independence and objectivity of the firm and engagement team members.	Audit Plan Audit Completion Report



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**COTSWOLD**  
DISTRICT COUNCIL

## **STATEMENT OF ACCOUNTS 2023/24**

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# CONTENTS

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>3</b>
<b>Narrative Report</b> .....	<b>1</b>
Cotswold District Council .....	1
Our Aims and Priorities .....	1
Publica Group (Support) Limited .....	2
Medium Term Financial Strategy (MTFS) .....	3
Retained Business Rates .....	4
Gloucestershire Business Rates Pool .....	4
Council Tax .....	4
Financial Assumptions .....	4
Savings Targets .....	5
Financial Performance .....	6
Pensions Liability .....	6
Capital Programme (Asset Management) .....	6
Capital Receipts .....	7
Reserves and Balances .....	7
Financial Position .....	7
Risk Management .....	8
Facing the Challenges Ahead .....	8
Further information .....	9
<b>Explanation of the Accounting Statements</b> .....	<b>10</b>
<b>Statement of Responsibilities</b> .....	<b>11</b>
The Authority's responsibilities .....	11
The Chief Finance Officer's responsibility .....	11
<b>Comprehensive Income and Expenditure Statement</b> .....	<b>13</b>
<b>Movement in Reserves Statement</b> .....	<b>14</b>
<b>Balance Sheet</b> .....	<b>15</b>
<b>Cash Flow Statement</b> .....	<b>16</b>
<b>Notes to the Comprehensive Income and Expenditure Statement</b> .....	<b>17</b>
B1. Expenditure and Funding Analysis .....	17
Adjustments in the Expenditure and Funding Analysis .....	19
B2. Expenditure and Income Analysed by Nature .....	21
B3. Other Operating Income & Expenditure .....	22
B4. Financing and Investment Income and Expenditure .....	22
B5. Taxation and Non Specific Grant Income .....	23
B6. Members' Allowances .....	23
B7. External Audit Costs .....	23
B8. Grant Income .....	25
B8.a Non Current - Capital Grants Receipts in Advance .....	26
B8.b Current - Capital Grants Receipts in Advance .....	26
B9. Officer Remuneration .....	27
B10. Termination Benefits .....	29
<b>Notes to the Movement in Reserves Statement</b> .....	<b>31</b>

# CONTENTS

C1.	Adjustments Between Accounting Basis and Funding Basis Under Regulations.....	31
C2.	Usable Reserves .....	33
C3.	Unusable Reserves .....	33
<b>Notes to the Balance Sheet .....</b>		<b>38</b>
D1.	Property, Plant and Equipment .....	38
D2.	Investment Properties .....	41
D3.	Intangible Assets .....	42
D4.	Non-Current Debtors .....	43
D5.	Debtors .....	43
D6.	Creditors .....	44
D7.	Provisions .....	44
D8.	Capital Expenditure and Financing .....	45
D9.	Assets Held for Sale.....	46
<b>Additional Disclosures – Technical Notes .....</b>		<b>47</b>
E1.	Defined Benefit Pension Scheme .....	47
E2.	Financial Instruments .....	52
E3.	Nature and Extent of Risks Arising from Financial Instruments.....	55
E4.	Leases .....	59
E5.	Accounting Policies .....	62
E6.	Critical Judgements in Applying Accounting Policies.....	74
E7.	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty .....	76
E8.	Accounting Standards Not Yet Adopted.....	78
E9.	Related Parties.....	78
E10.	Events After the Balance Sheet Date.....	80
<b>Notes to the Cash Flow Statement.....</b>		<b>82</b>
F1.	Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements .....	82
F2.	Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities .....	82
F3.	Investing Activities.....	82
F4.	Financing Activities.....	83
<b>Collection Fund.....</b>		<b>84</b>
<b>Notes to the Collection Fund.....</b>		<b>85</b>
G1.	Council Tax System .....	85
G2.	National Non-Domestic Rates .....	86
G3.	Taxpayers' Arrears & Provisions for Uncollectable Amounts.....	86
G4.	Business Rates – Disregarded Amounts .....	86
G5.	Collection Fund Balance Sheet Apportionment .....	87
<b>ANNUAL GOVERNANCE STATEMENT 2022/23.....</b>		<b>88</b>
<b>Independent auditor's report to the members of Cotswold District Council .....</b>		<b>104</b>
<b>Glossary.....</b>		<b>107</b>

## Narrative Report

### 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 90,800, which given its size of 450 square miles and its largely rural character means that there is a low density of population which in turn affects the costs of providing services. The district also has an ageing population and has the highest proportion of people aged 65 and over in the County. People living in Cotswold District are more likely to experience a good quality of life than elsewhere in Britain. Many parts of the district are in the least deprived 20% in England, with no parts in the most deprived 20%.

### Our Aims and Priorities

Local councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to serve for their term of office. The Council has 34 elected members representing 32 wards within the Cotswold District. There are also 87 Parish and Town Councils in the district and 28 parishes which do not have a Council, but a Parish meeting. Elections are held every four years, with an election taking place during the financial year in May 2023 where the Liberal Democrats retained political control. The political make-up of the Council from May 2023 included 21 Liberal Democrats, nine Conservatives, two Green Party and two Independent Councillors.

The administration set out its aims, priorities and underlying principles that set the direction for the Corporate Strategy for the Council for the period 2024-2028. The Strategy sets out how the Council will achieve its aims and deliver on its priorities. The first strategy developed by the Council in 2020 has been updated as projects have progressed, and the national picture has developed.

The Council's overall aim set out within the Corporate Plan is to 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 are:

- Delivering good services

- Responding to the climate crisis
- Delivering housing
- Supporting communities
- Supporting the economy

The financial impact of these priorities was reflected in an update to the Medium-Term Financial Strategy during 2023/24.

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

Items of note in relation to 2023/24 include:

- In response to the Local Government Association Peer Challenge Review recommendation, Human Engine undertook an appraisal of the appropriateness of some services remaining with Publica with a report presented to Cabinet and Council in November 2023. Full Council approved the recommendation set out in the Local Partnerships report and instructed the Interim Programme Director to prepare a detailed transition plan to build on the recommendations set out in the Local Partnerships report. The majority of services will move from Publica and return to being under greater control of the Council.
- Progress persists in the implementation of Biodiversity Net Gain (BNG), especially concerning the allocation of secured funds to fulfil necessary mitigation measures. The first mandatory BNG applications have been received and are under review. The primary focus has shifted towards establishing necessary processes, providing training, and ensuring compliance with legal requirements.
- EV charge points have been installed and operational at Trinity Road and Rissington Road. On street residential charge point scheme (ORCS) funding has been secured for a further tranche of installations, with a business case being taken to July Cabinet recommending site allocation.
- Proactive Approach to Affordable Housing Delivery paper approved by Cabinet with the suggestions to be explored, in order to increase the supply of affordable homes within the district. A Strategic Housing Development and Enabling Manager has recently been appointed.
- Cabinet approved funding for the Growth Hub in March 2023. The legal agreement requires them to focus on start-ups and provide an outreach service across the District and includes a target for the number of new businesses created with officers conducting monthly meetings with representatives from the Growth Hub to monitor progress against outputs/outcomes. The Outreach Navigator continues to work across the district, with the first well attended event held at the Moreton Area Centre in February 2024.

- Planning Application for the zero-carbon affordable housing development in Down Ampney was submitted in June 24.
- The Community Support Officer Food Sustainability post commenced in December 2023. The first Financial Inclusion Workshop took place in February 2024 with good attendance and services from across the district. The workshop focused on mapping available support and identifying gaps, with a follow-up session held in May to enhance provision district-wide.
- The Holiday Activity Food (HAF) programme continues to be a success, with over 6,000 activities booked during the school holidays in 2023/24. The council continued to partner with World Jungle to deliver the programme. HAF has gone from strength to strength, during summer 2023 it more than doubled the number of children on free school meals, who attended the provision, compared to last year. The number of activities on offer also increased and over 200 food hampers were provided to families.
- Crowdfund Cotswold continues to attract wide interest from across the District. These projects offer a diverse thematic and geographical range, addressing issues from climate change to children's play provision in both the North and South of the district.
- The Public Consultation on the draft Local Plan policies was held between 1 February 2024 and 7 April 2024. Currently, responses are being considered, and further supporting evidence is being produced. A final version of the Local Plan will be consulted on in early 2025 before its submission to the Planning Inspectorate for an Independent Examination in Public led by a government-appointed Inspector.
- Planning Application for the zero-carbon affordable housing development in Down Ampney was submitted in June 24.
- In collaboration with Life Cycle, the Council have installed 51 new community bike stands across the District including in Lechlade, Fairford and South Cerney.
- In collaboration with NHS Integrated Locality Partnership, £116k have been awarded for projects supporting children, young people and families. These projects are being delivered by local voluntary sector organisations. Projects include: youth provision in Chipping Campden and Cirencester, Digital Youth Work, Gloucestershire Young Carers Activity Days.
- The Changing Places Toilet facilities are complete at Cotswold Farm Park, Abbey Grounds, Cirencester and Birdland, Bourton on the Water. Cotswold Country Park & Beach will complete during 2024/25.
- Gloucestershire Domestic Abuse Support Service (GDASS) have successfully recruited a Rural Domestic Abuse Champion and conducted training

workshops for new champions in February, with over 70 individuals participating.

- Collaboration persists with businesses from key sectors, including agritech, cyber/digital, and sustainable aviation, to promote employment opportunities.
- A legal agreement between Cotswold District Council and Gloucestershire County Council has been agreed to deliver a programme of activities using grant funding from the Shared Prosperity Fund to help those furthest from the employment market.

### 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.

External advisors, Human Engine undertook an appraisal of the appropriateness of some services remaining with Publica in response to the Local Government Association Peer Review recommendation. Council approved the recommendations contained with the Human Engine report at their meeting on 22 November 2023.

The report recommended that a significant number of services should move from Publica and return to being under greater control of the councils. This would leave Publica delivering a range of back-office services for the Councils. The report recommended that the majority of services should be repatriated to the Councils, over 2 phases, and that Publica be reshaped. This work has been developed following the appointment of an Interim Programme Director in January 2024 leading to a Detailed Transition Plan having been prepared.

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

- Deliver more defined local priorities.



## NARRATIVE REPORT

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

Phase 1 of the transition is planned to complete in November 2024 subject to approval of the Detailed Transition Plan by Council in July 2024.

Following a decision on phase 1, preparatory work for Phase 2 will commence and will be the subject of a separate report.

### Medium Term Financial Strategy (MTFS)

The Council operates a rolling 4-year MTFS, the latest being approved by Council on 21<sup>st</sup> February 2024. Despite uncertainties around future funding levels of Government funding, the cost-of-living crisis and the general economic position, the Council has prepared a sound budget whilst maintaining services to residents. The budget will also provide a platform for Cotswold District to address future challenges.

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

The budget has been prepared considering the Council Motion of 22 November 2023 on Council Finances. The motion included the following direction to frame the budget and MTFS: *"This Council recognises that it cannot continue to use reserves to balance its revenue budget and therefore instructs the Deputy Leader and Deputy Chief Executive to prepare a budget and Medium-term Financial Strategy that puts funds back into the Financial Resilience Reserve in 2024/25 and 2025/26 by delivering operating surpluses in those years."*

The MTFS achieves this outcome with a surplus for 2024/25 and 2025/26. The Council will need to continue to take steps to manage and address the budget gap identified over the MTFS period

The capital programme includes planned expenditure of £13.899m in 2023/24 with the Council needing to consider the outcome of due diligence work on other potential schemes before any further capital expenditure is committed.

The Cabinet Transform Working Group will need to further develop the approach to the Council's Savings Programme to address the budget gap identified over the MTFS period. This will need to include consideration of a service design framework for as part

of the Publica transition to ensure service costs are contained within the financial envelope set out in the MTFS.

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

Reserves continue to be held to support the implementation of key projects and to mitigate against the substantial increased risk the Council is facing. Reserves held to promote financial sustainability are forecast to be depleted during the MTFS period. Consideration should be given as part of the year-end procedures for 2023/24 as to their adequacy for future financial years given the current risks and uncertainties identified in this report. All reserves will be monitored and reported to Cabinet throughout 2024/25.

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

MTFS Summary	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s
Net Service Revenue	15,858	15,858	15,858	15,858
Expenditure				
Corporate Items/Non-Service Income and Expenditure	(1,015)	(649)	(50)	24
Transfer to/(from) earmarked reserve	476	(557)	(701)	(701)
Provision for Inflation	1,117	1,993	2,694	3,414
<b>Service and Corporate Items</b>	<b>16,437</b>	<b>16,645</b>	<b>17,801</b>	<b>18,596</b>
Budget Pressures	584	628	690	740
Technical Adjustments	77	77	77	77
Savings and Transformation Plan items	(2,036)	(2,931)	(3,205)	(3,422)
<b>Net Revenue Budget</b>	<b>15,061</b>	<b>14,419</b>	<b>15,362</b>	<b>15,990</b>
<b>Total Funding</b>	<b>(15,577)</b>	<b>(14,743)</b>	<b>(13,852)</b>	<b>(12,479)</b>
<b>Budget Gap/(Surplus)</b>	<b>(516)</b>	<b>(324)</b>	<b>1,511</b>	<b>3,511</b>

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

## NARRATIVE REPORT

thereby reducing reliance on earmarked reserves to support the budget.

### Retained Business Rates

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

Business rates are collected by the Council, and the proceeds are shared between Cotswold District Council, Gloucestershire County Council and the Government. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of retained business rates to be £5.014m in 2024/25. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation, and reliefs. The draft forecast for business rates included in the MTFS, although broadly similar to last year, has seen significant changes in terms of rateable values and reliefs.

Each year the Council forecasts whether its collection of Business Rates will be higher than anticipated, resulting in a "surplus" on the Collection Fund, or lower than anticipated, resulting in a "deficit" on the Collection Fund. Where this Council forecasts a surplus on the Collection Fund, the surplus is paid out in the following financial year to the County Council (10%), Government (50%) and the District Council (40%). Similarly, where the Council forecasts a deficit, the deficit is recovered in the same proportions in the following financial year. The MTFS includes the Council's share of the estimated surplus at the end of 2023/24 of £0.445m.

This year's accounts include a transfer of £0.198m from earmarked reserves of S31 exceptional grant to the general fund to fund future Collection Fund deficits payable.

The table below sets out the forecast for 2024/25.

<b>Business Rates Forecast</b>	<b>2024/25</b>
	<b>£000s</b>
Non-Domestic rating income (NNDR 1 estimate)	13,495
Less: Tariff Payment to Government	(13,332)
Less Estimated Levy Payment to Government	(1,747)
Add Renewable Energy Scheme	117
<b>Estimated Retained Business Rates</b>	<b>(1,467)</b>
Section 31 Grant Payable	5,354
Multiplier Cap	1,127

<b>TOTAL Funding from Business Rates</b>	5,014
<b>Assumed BRR Included in MTFS</b>	5,014

### Gloucestershire Business Rates Pool

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

The MTFS assumes that any windfall gain associated with the Business Rates Pool will be allocated to the Financial Resilience reserve for 2024/25 and 2025/26. No assumption made for 2026/27 and beyond as it is uncertain whether Business Rate Pools will be viable post-reset.

There remains uncertainty over the future of Business Rates Pooling over the MTFS period. Local Government reforms will include a reset to business rates coupled with shorter valuation periods. Therefore, there is a risk that Pooling may not be financially viable as there may be too much risk and too little reward.

### 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.

DLUHC proposed a maximum Council Tax increase of 2.99% or £5 for 2024/25. The MTFS assumes increases of £5 per annum on a Band D property to 2027/28.

### 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 5% (Publica) followed by 4% in 2025/26 and 3% thereafter. Provision included of 6% for Ubico in 2024/25 followed by 5% in 2025/26 and 4% thereafter.
- Provision for service contract inflation.
- 30% reduction in the level of retained business rates income from 2025/26.
- Reduction in central government funding over the medium term.
- Growth in Council Tax base of 1% per annum.

## NARRATIVE REPORT

- Energy Cost inflation of £0.150m.
- Income pressures: Building Control. Land Charges.
- The MTFS has been prepared against the emerging position regarding the Publica Review. The broad assumptions for the purposes of the 2024/25 budget and over the medium term is that service costs remain within the financial envelope set out over the MTFS period.

### Savings Targets

The Cabinet Transform Working Group (CTWG) is developing a revised approach to the Council's Savings Programme to address the budget gap identified over the MTFS period. This will include consideration of a service design framework to ensure services costs are contained within the financial envelope of the MTFS following the Publica Review.

To mitigate the budget pressure outlined above and to set a balanced budget for the year, the draft budget proposals included expenditure savings of £1.259m and Fees and Charges income of £0.777m. Savings proposals have been reviewed to ensure they are robust and can be delivered. The table below provides a summary of the savings included in the MTFS.

Savings	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)
Third Party Contract Savings	(150)	(250)	(300)	(300)
Corporate Savings	(196)	(392)	(392)	(392)
Other Expenditure Savings	(913)	(1,263)	(1,263)	(1,263))
<b>Subtotal</b>	<b>(1,295)</b>	<b>(1,905)</b>	<b>(1,955)</b>	<b>(1,955)</b>
<b>Fees and Charges</b>				
Car Parking (Sunday charging)	(105)	(109)	(113)	(116)
Car Parking (Tariff Charge)	(376)	(506)	(611)	(708)
Planning Fees (Statutory)	(100)	(100)	(100)	(100)
Other Fees and Charges – Cost Recovery	(27)	(27)	(27)	(27)
Garden Waste – fee increase	(169)	(283)	(400)	(517)
<b>Subtotal</b>	<b>(777)</b>	<b>(1,026)</b>	<b>(1,251)</b>	<b>(1,468)</b>

### Capital Investment and Borrowing

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

statutory duties in respect of Disabled Facilities Grants.

Capital Programme	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Leisure & Communities	1,310	50	550	50
Housing/Planning and Strategic Housing	2,289	700	700	700
Environment	1,857	428	5,251	1,820
ICT, Change and Customer Service	350	150	150	150
UK Rural Prosperity Fund	573	0	0	0
UK Shared Prosperity Fund Projects	134	0	0	0
Land, Legal and Property	300	0	0	0
<b>Total</b>	<b>13,899</b>	<b>2,318</b>	<b>1,277</b>	<b>5,015</b>

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

The Council has adopted an Asset Management Strategy supported by Carter Jonas. The strategy provides a clear framework for the management of the Council's assets ensuring a coordinated approach linked to Council priorities and the Medium Term Financial Strategy. The strategy proposes a longer-term view of the property income and expenditure profiles, tenant events, hold and disposal options. The strategy will be applied in a review of all Land and Buildings assets to ensure the Council is achieving the maximum benefit from its assets and the findings presented to Cabinet in 2024/25.

The Council's capital expenditure has up until the current financial year been predominantly financed from capital receipts. As these are forecast to deplete over the capital programme period the Council will need to undertake prudential borrowing to support future capital expenditure plans. Other sources of finance support the capital programme, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts).

If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval. However, with the current relative high cost of borrowing the business case for new projects will need to be robust, include adequate headroom to cover capital financing costs, and be subject to additional challenge from officers prior to member consideration.

# NARRATIVE REPORT

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

## Financial Performance

At the 31 March 2024, the Council reported an underspend of £0.251m against budgeted deficit of £0.862m. This has resulted in £0.600m of the Financial Resilience reserve being utilised to support the outturn position rather than the forecast £0.862m.

The improved position is due predominantly to better than forecast investment income due to continued higher interest rates and investment balances than expected (income surplus of £0.966m) and underspend in respect of Publica contract of £0.455m.

Overspends were reported in respect of Elections costs, the Ubico contract (pay award), ICT, external audit fees and household waste bins, bags and containers as well as bank charges whilst income was underachieved within Building Control, Land Charges, public conveniences and from commercial property.

Further details of the outturn position and variances against budget for the 2023/24 financial year is reported in the Financial Performance Report reviewed by Cabinet on the 25 July 2024.

## Pensions Liability

The net pension liability as at 31 March 2024 was £12.023m (£7.188m as at 31 March 2023). Whilst a significant sum, this is the net value of what is estimated the Council owes across all future years offset against assets invested in the Local Government Pension Scheme.

In 2023/24, the actuarial valuation has seen a significant movement from a net pension deficit of £7.188m to a surplus position of £1.634m. Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation. The Asset Ceiling calculation resulted in a lower valuation with a net liability of £12.023m being included within the balance sheet for 2023/24.

Prior to the Asset Ceiling adjustment the Council's share of pension fund assets had increased by £8.682m and the liability reduced by £0.140m, resulting in the overall net liability reducing by £8.822m.

The significant increase in the value of the pension asset was due to stronger investment income and return on pension assets during 2023/24.

The most recent valuation was at 31 March 2022 and the next valuation will complete in 2025/26.

Publica and the Council continue to contribute to

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

## Capital Programme (Asset Management)

In 2023/24, the Council spent £5.983m against a revised budget of £7.512m on:

Capital Programme	£'000
Investment in Leisure Centre	81
Government funded decarbonisation	49
Crowdfund Cotswold	2
Private Sector Housing Renewal Grants (DFG)	1,344
Affordable Housing Stockwells, MiM (S106)	239
Affordable Housing –Davies Road MiM (S106 Environmental Improvements)	51
Cottsway Housing Association Loan	2,913
Ubico Fleet Replacement (recycling and waste vehicles)	195
Waste and Recycling Containers	52
Electric vehicle charging points	12
Car Park Improvements	(17)
Public Toilets – card payments	16
Changing Places Toilets	70
UK Shared Prosperity Fund Projects	25
UK Rural Prosperity Fund Projects	12
ICT Capital	100
Trinity Road Roof Work	511
Trinity Road Agile Working	328
<b>TOTAL</b>	<b>5,983</b>

Significant expenditure included the provision of £2.913m in the drawdown of a loan facility provided to Cottsway Housing to enable the provision of new dwellings incorporating low carbon technology in Moreton-in-Marsh through a net loan facility of £1.855m. Other capital expenditure includes £0.839m in relation to the Agile Working project and roof works at the Council's Trinity Road Offices and private sector housing renewal grants (DFG) awarded totalling £1.344m.

Not all schemes planned for the year were undertaken including:

- Trinity Road, Carbon Efficiency Works – budget of £0.370m. Works delayed to 2024/25.
- Rural Prosperity Fund, grant balance of £0.179m forecast to be spent in 2024/25.
- Changing Places Toilets, grant balance of £0.053m forecast to be spent in 2024/25 in respect of

# NARRATIVE REPORT

facilities still to be completed at Cotswold Country Park and Beach.

- A balance of £0.274m Trinity Road Agile Working budget remained unspent at 31 March 2024, this will be carried forward to 2024/25.
- Ubico vehicle replacement allocation of £0.086m was not spent during 2023/24 due to long lead times on vehicle purchases but will be spent in 2024/25.

There is total committed expenditure in relation to the projects listed of £1.513m and Capital Programme budgets have been carried forward in to 2024/25 to fund ongoing projects.

## Capital Receipts

£0.222 million in capital receipts was received from Bromford Housing Association during 2023/24 in relation to housing stock previously owned by the Council. All capital receipts are transferred to the Capital Receipts Reserve to fund future capital expenditure.

## Reserves and Balances

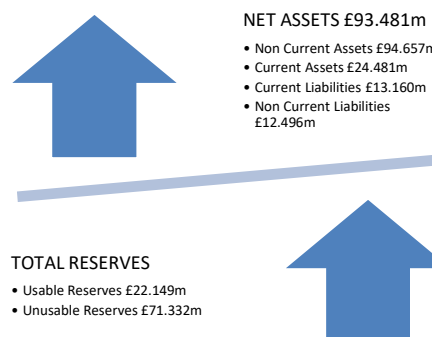
At the year-end usable reserves stood at £22.149 million, a decrease of £1.019 million during the year.

Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' were maintained at £1.760 million. Movements in 2023/24 include £0.599m transfer from the Financial Resilience Reserve to the General Fund, this was £0.263k less than budgeted due to the reported underspend against budget. Following a review of earmarked reserves as part of the 2024/24 budget setting and MTFS process, £1.7280 million has been transferred to the Financial Resilience Reserve. This reserve has also been used to support the award of the leisure and culture contract over the MTFS period during the early years of the contract with a transfer of £0.282m being made in 2023/24. This reserve also include a transfer of £0.489m Business Rate surplus income including £0.441m from the Gloucestershire pool.

The Business Rate Smoothing reserve includes exceptional S31 grant provided by the government to compensate for lost business rate income due to discounts and reliefs awarded to businesses during the year, £0.195 million of unused grant has been transferred to the smoothing reserve to fund future Collection Fund deficits.

## Financial Position

Net assets increased in the year by £8.199m



Significant movements were:

- £13.616m increase in Property Plant and Equipment as a result of increased valuations
- £1.1m decrease in non current debtors
- £3.082m decrease in current investments
- £2.393m decrease in debtors
- £3.735m decrease in creditors
- £4.835m increase in pension liability
- £1.723m decrease in capital receipts reserve
- £1.467m increase in capital grants/contributions unapplied.

## Operational Performance and Efficiency

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

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

- Council Tax Support change events took an average of 4 days to process against a target of 5.
- 98% Customer satisfaction for telephone and face to face (90% target)
- 95% of major, 87% of minor and 86% of other planning applications were determined within agreed timescales (including extension of time agreements).
- 20% of planning appeals were allowed (target of 30%)
- Planning income was above target
- 9% of official land charges searches were completed within 10 days (90% target)
- 98% of high-risk food premises were inspected within target timescales (95% target)
- Gym memberships are above target at 3,590 (3500 target).
- 361kg of residual household waste per household (381kg target).
- Missed bins per 1,000 were above target at 290 (300 target).

Eleven indicators fell short of their annual targets; five within Revenues and Benefits; two Development Management and Land Charges indicators, one

# NARRATIVE REPORT

Customer Experience indicator, two Waste and Environment indicators and one Leisure indicator.

## Revenues, Benefits and Housing

- 96.85% NNDR collection rate (99% target).
- 98.36% Council Tax collection rate (narrowly missed 99% target).
- Took on average 21 days to process Council Tax Support new claims (20 day target).
- Took on average 5 days to process Housing Benefit change events (4 day target).
- 0.37% of Housing Benefit overpayment were due to LA error/admin delay (0.35% target).

## Development Management and Land Charges

- 93 Affordable homes delivered ( 100 target).
- Total income from Planning Pre-Application advice of £0.101 (£0.135m target).

## Customer Experience

86% of Freedom of Information (FOI) requests answered within 20 days (90% target)

## Waste and Environment

- 70% of high-risk food premises assessed within one working day (90% target).
- 57% of household waste recycled (60% target).

## Leisure

- 481,734 visits to the leisure centres (500,000 target)

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

## **Risk Management**

A Risk Management Group has been established to undertake quarterly reviews of risk registers, escalating any emerging risks to a strategic level. The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit and Governance Committee on a regular basis.

The Corporate Risk Register was updated during 2023/24 and reviewed by the Senior Management Team, which comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a significant risk in terms of its impact and likelihood.

The Corporate Risk Register, as reviewed by the Audit and Governance Committee in 2034/24 included no primary 'residual' risks after mitigating factors had been taken into consideration. Risks which have increased during the year include:

- Shareholder Review of Publica: This risk has increased to reflect the recommendation to in-source the majority of services from Publica whilst there is still more detailed work to undertake around the transition plan, governance, and due diligence.
- Partnership Deliverables (Publica): This risk has been increased to reflect the potential impact on

savings achievement, recruitment, retention and performance following the recommendation to in-source the majority of services. As well as to reflect the requirement to review governance arrangements for the proposed delivery model. The risk should decrease as the detailed work is completed on the transition plan, governance, and due diligence.

## **Facing the Challenges Ahead**

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

The Council faces a number of significant challenges and uncertainties over the medium term around future levels of Government funding and the impact from the Cost-of-Living crisis and the general economic position. The 2024/25 Budget and the MTFs have been prepared with consideration of these risks, but as with any forecast, an inherent level of risk remains.

There are some significant risks to the Council from changes to Government funding. The implementation of Local Government Finance reform has already been delayed from the original implementation date of April 2020 until at least April 2025 if not later. The forecast impact on Shire District Councils is likely to be significant as resources are allocated across Local Government recognising the Social Care cost and demand pressures.

Risks remain around the continued impact on the Council from pressures within the wider economy including inflation and interest rates. This will have an impact on income and expenditure budgets during 2024/25 and will require timely and accurate financial reporting to Cabinet. Risks include:

- Income from Council Tax and Business Rates will continue to be under pressure in 2024/25 with an expectation that the taxbase for Council Tax and Business Rates may take time to recover.
- Increased demand for certain services (e.g. Homelessness) may put additional pressures on the Council.
- Cost of services where the Council is exposed to risk sharing in contract costs.
- Energy cost pressure.

A further key risk is around the impact of the Publica Review. The transition of services from Publica to Council will have a material impact on the Council's resources and budget over the next two years. It is essential that the Council takes every opportunity to make services as efficient and cost effective as possible and this will be an important element of the transition plan and approach to service design. Costs

## NARRATIVE REPORT

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pressures must be minimised during the transition plan period to ensure service costs are contained within the financial envelope set out in the MTFS. Budget rebasing will be undertaken for the 2026/27 financial year so that the funding provided to Publica is proportionate to the to the services received.

It is clear that the financial impact of the Phase 1 transfers will require the Council to carefully consider options for maintaining a balanced budget position over the MTFS period. Options and recommendations will be developed over the Autumn as part of the wider 2025/26 budget-setting process and update of the MTFS. The Council will continue to consider the following criteria as part of the budget setting process:

- Service transformation.
- Publica structure post transfer.
- Alternative budgeting methodologies (zero based budgeting).
- Identification of additional savings, cost reductions and income streams through the budget setting process. Linked to service transformation and analysis of service delivery costs.

The 'Cabinet Transform Working Group' will need to further develop the approach to the Council's Savings Programme to address the budget gap identified over the MTFS period including consideration of a service design framework as part of the Publica transition plan to ensure service costs are contained within the financial envelope set out in the MTFS.

The requirement to reduce costs and balance the budget in later years of the MTFS are substantial. The MTFS includes significant savings from Ubico in 2024/25 from the rezoning of waste and recycling rounds and a review of the Streets service. Should savings not materialise at the level or within the timeframe assumed this will increase the pressure on the Council balances and reserves. The Council will need to identify the specific risks within the savings programme and take steps to minimise this risk.

Reserves held to promote financial sustainability are forecast to be depleted during 2026/27. Reserves will continue to be monitored and reported to Cabinet during 2024/25.

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

### Further information

For further information on the accounts please contact: David Stanley, Chief Finance Officer, Cotswold District Council, Trinity Road, Cirencester,

Gloucestershire, GL7 1PX; or via email at [David.Stanley@cotswold.gov.uk](mailto:David.Stanley@cotswold.gov.uk).

David Stanley, CPFA  
Chief Finance Officer and Deputy Chief Executive

## Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. 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 2023/24, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

### The Core Statements are:

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

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

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

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

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2024.

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

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## Statement of Responsibilities

### The Authority's responsibilities

The Authority is required to:

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

### The Chief Finance Officer's responsibility

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

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

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

The Chief Finance Officer has also:

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

## CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2024.

\_\_\_\_\_ Date: \_\_\_\_\_

David Stanley  
Chief Finance Officer

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

\_\_\_\_\_ Date: \_\_\_\_\_

Cllr. Nigel Robbins  
Chair of the Audit and Governance Committee



## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### Comprehensive Income and Expenditure Statement

2022/23					2023/24		
Gross Expenditure £	Gross Income £	Net Expenditure £		Note	Gross Expenditure £	Gross Income £	Net Expenditure £
			<u>Shared Services</u>				
1,225,017	(593,418)	631,599	Environmental and Regulatory Services		1,111,354	(526,625)	584,729
2,517,916	(1,202,101)	1,315,815	Business Support Services		1,870,071	(717,397)	1,152,674
2,398,323	(155,677)	2,242,646	ICT, Change and Customer Services		2,361,523	(155,528)	2,205,995
1,798,337	(788,933)	1,009,404	Assets Property and Regeneration		1,421,739	(642,437)	779,302
238,004	(57,600)	180,404	Publia Executive and Modernisation		130,645	0	130,645
14,883,364	(14,596,329)	287,035	Revenues and Housing Support Services		15,818,965	(15,147,455)	671,510
			<u>Strategic Directors</u>				
1,325,493	(49,345)	1,276,148	Democratic Services		1,508,358	(136,438)	1,371,920
10,830,626	(5,566,263)	5,264,363	Environmental Services		11,176,902	(6,094,120)	5,082,782
2,728,071	(869,010)	1,859,061	Leisure and Communities Services		3,209,035	(1,111,291)	2,097,744
4,635,918	(2,753,023)	1,882,895	Planning and Strategic Housing Services		4,693,989	(2,465,324)	2,228,665
2,455,737	(834,010)	1,621,727	Retained and Corporate Council Services		2,483,077	(1,407,790)	1,075,287
<b>45,036,806</b>	<b>(27,465,709)</b>	<b>17,571,097</b>	<b>Cost of Services</b>		<b>45,785,658</b>	<b>(28,404,405)</b>	<b>17,381,253</b>
3,861,014	(74,460)	3,786,554	Other Operating Expenditure	B3	4,061,250	(227,076)	3,834,174
2,863,483	(1,831,312)	1,032,171	Financing and Investment Income and Expenditure	B4	1,394,365	(2,482,213)	(1,087,848)
0	(19,971,945)	(19,971,945)	Taxation and Non-Specific Grant Income	B5	0	(19,797,604)	(19,797,604)
<b>51,761,303</b>	<b>(49,343,426)</b>	<b>2,417,877</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>B1/B2</b>	<b>51,241,273</b>	<b>(50,911,298)</b>	<b>329,975</b>
		472,665	(Surplus) / deficit on revaluation of non current assets				(14,575,131)
		30,000	(Gains)/ losses on financial instruments designated at				47,100
		(33,027,000)	Fair Value through Other Comprehensive Income				6,029,000
			Remeasurement of the net defined benefit liability				
		<b>(32,524,335)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(8,499,031)</b>
		<b>(30,106,458)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(8,169,056)</b>

## MOVEMENT IN RESERVES STATEMENT

### Movement in Reserves Statement

	Note	Usable Reserves				Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £			
<b>Balance at 31 March 2022</b>		<b>(2,552,710)</b>	<b>(12,639,113)</b>	<b>(9,674,076)</b>	<b>(810,941)</b>	<b>(25,676,840)</b>	<b>(29,498,900)</b>	<b>(55,175,740)</b>
Movements in reserves 2022/23		(4,634,357)	4,634,357	0	0	0	0	0
Transfer from General Fund		1,174,080	(1,174,080)			0	0	0
Total Comprehensive income and expenditure		2,417,877	0	0	0	2,417,877	(32,524,334)	<b>(30,106,458)</b>
Adjustments between accounting basis & funding basis under regulations	C1	1,835,111	187,381	852,927	(2,785,074)	90,345	(90,362)	(17)
<b>(Increase) / Decrease in Reserves 2022/23</b>		<b>792,711</b>	<b>3,647,658</b>	<b>852,927</b>	<b>(2,785,074)</b>	<b>2,508,222</b>	<b>(32,614,696)</b>	<b>(30,106,475)</b>
<b>Balance at 31 March 2023</b>		<b>(1,760,935)</b>	<b>(8,991,455)</b>	<b>(8,821,149)</b>	<b>(3,596,015)</b>	<b>(23,169,554)</b>	<b>(62,113,596)</b>	<b>(85,282,215)</b>
Movements in reserves 2023/24		(165,181)	165,181	0	0	0	0	0
Transfer to General Fund		(597,936)	597,936					
Total Comprehensive income and expenditure		329,846	0	0	0	329,846	(8,499,031)	<b>(8,169,185)</b>
Adjustments between accounting basis & funding basis under regulations	C1	434,206	0	1,723,158	(1,466,491)	690,873	(720,176)	<b>(29,303)</b>
<b>(Increase) / Decrease in Reserves 2023/24</b>		<b>935</b>	<b>763,117</b>	<b>1,723,158</b>	<b>(1,466,491)</b>	<b>1,020,719</b>	<b>(9,219,207)</b>	<b>(8,198,488)</b>
<b>Balance at 31 March 2024</b>		<b>(1,760,000)</b>	<b>(8,228,338)</b>	<b>(7,097,991)</b>	<b>(5,062,506)</b>	<b>(22,148,834)</b>	<b>(71,332,803)</b>	<b>(93,481,637)</b>

## BALANCE SHEET

### Balance Sheet

31 March 2023 £		Note	31 March 2024 £
60,784,910	Property, Plant & Equipment	D1	74,401,391
17,000	Heritage Assets		17,000
5,377,000	Investment Property	D2	4,875,000
20,519	Intangible Assets	D3	14,581
10,432,129	Non-Current Investments	E2	10,398,824
3,885,715	Non-Current Debtors	D4	4,949,807
<b>80,517,273</b>	<b>Non-Current Assets</b>		<b>94,656,603</b>
5,456,719	Investments	E2	2,374,223
0	Assets Held for Sale	D9	0
22,884	Inventories		21,272
11,796,513	Debtors	D5	9,402,804
12,209,366	Cash and Cash Equivalents	E2	12,682,980
<b>29,485,482</b>	<b>Current Assets</b>		<b>24,481,279</b>
(93,503)	Borrowing	E2	(97,662)
(11,799,657)	Creditors	D6	(8,065,139)
(2,849,784)	Creditors - s.106 balances	D6	(2,735,147)
(760,202)	Capital Grants Receipts in Advance	B8	(1,020,755)
(1,025,491)	Provisions	D7	(1,241,715)
<b>(16,528,637)</b>	<b>Current Liabilities</b>		<b>(13,160,419)</b>
(7,188,000)	Other Non-Current Liabilities	E1	(12,023,000)
(89,520)	Non-Current Creditors		(118,257)
(557,130)	Capital Grants Receipts in Advance	B8	(94,976)
(357,254)	Borrowing	E2	(259,593)
<b>(8,191,904)</b>	<b>Non-Current Liabilities</b>		<b>(12,495,826)</b>
<b>85,282,214</b>	<b>Net Assets</b>		<b>93,481,637</b>
<b>(23,169,554)</b>	Usable Reserves	C2	(22,148,834)
<b>(62,113,596)</b>	Unusable Reserves	C3	(71,332,803)
<b>(85,283,150)</b>	<b>Total Reserves</b>		<b>(93,481,637)</b>

These financial statements were certified by the Chief Finance Officer on 8 August 2024.

David Stanley  
Chief Finance Officer

# CASH FLOW STATEMENT

## Cash Flow Statement

	Note	2022/23 £	2023/24 £
Net surplus or (deficit) on provision of services		(2,417,595)	(329,975)
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	F1	(1,566,208)	(453,379)
Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	F2	(5,222,804)	(3,555,136)
<b>Net cash flows from Operating Activities</b>		<b>(9,206,607)</b>	<b>(4,338,490)</b>
Investing Activities	F3	6,140,960	4,921,374
Financing Activities	F4	427,173	(109,270)
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(2,638,474)</b>	<b>473,614</b>
Cash and cash equivalents at 1 April		14,847,840	12,209,366
<b>Cash and cash equivalents at 31 March</b>		<b>12,209,366</b>	<b>12,682,980</b>
Comprising:			
Cash and bank current accounts		126,670	544,662
Money Market Funds		8,978,545	9,039,329
Short Term Deposits (Call Accounts)		3,104,151	3,098,989
		<b>12,209,366</b>	<b>12,682,980</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### Notes to the Comprehensive Income and Expenditure Statement

#### B1. Expenditure and Funding Analysis

	2023/24					
	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 £
<b>Shared Services</b>						
Environmental and Regulatory Services	584,729	(36,073)	0	548,656	16,778	565,434
Business Support Services	1,152,674	(39,182)	0	1,113,492	8,953	1,122,445
ICT, Change and Customer Services	2,205,995	(50,827)	0	2,155,168	19,043	2,174,211
Assets Property and Regeneration	779,302	(125,597)	0	653,705	115,195	768,900
Publica Executive and Modernisation	130,645	(3,169)	0	127,476	840	128,316
Revenues and Housing Support Services	671,510	(365,424)	0	306,086	253,397	559,483
<b>Strategic Directors</b>						
Democratic Services	1,371,920	(62,816)	0	1,309,104	39,895	1,348,999
Environmental Services	5,082,782	(564,545)	0	4,518,237	550,650	5,068,887
Leisure and Communities Services	2,097,744	(954,002)	0	1,143,742	941,888	2,085,630
Planning and Strategic Housing Services	2,228,665	(78,028)	0	2,150,637	(70,414)	2,080,223
Retained and Corporate Council Services	1,075,287	1,699,793	0	2,775,080	(117,643)	2,657,437
<b>Cost of Services</b>	<b>17,381,253</b>	<b>(579,871)</b>	<b>0</b>	<b>16,801,382</b>	<b>1,758,582</b>	<b>18,559,964</b>
Other Income and Expenditure	(17,051,278)	1,014,076	(165,181)	(16,202,383)	(1,747,581)	(17,949,964)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>329,975</b>	<b>434,206</b>	<b>(165,181)</b>	<b>598,999</b>	<b>11,001</b>	<b>610,000</b>
<b>Deficit reported to Management</b>						<b>610,000</b>
Opening General Fund Balance (Unallocated) at 1 April				(1,760,000)		
(Surplus) / Deficit for the year				598,999		
Transfer from Financial Resilience Reserve				(598,999)		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(1,760,000)</b>		

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2022/23					
	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 £
<u>Shared Service</u>						
Environmental and Regulatory Services	631,599	(147,673)	0	483,926	22,286	506,212
GO Shared Services	1,315,815	(229,554)	0	1,086,261	11,891	1,098,152
ICT, Change and Customer Services	2,242,646	(226,190)	0	2,016,456	29,130	2,045,586
Assets Property and Regeneration	1,009,404	(208,742)	0	800,662	128,638	929,300
Publica Executive and Modernisation	180,404	(19,450)	0	160,954	1,116	162,070
Revenues and Housing Support Services	287,035	(126,812)	0	160,223	12,132	172,355
Covid Grants		0	0	0	0	0
<u>Strategic Directors</u>						
Democratic Services	1,276,148	(124,442)	0	1,151,706	53,108	1,204,814
Environmental Services	5,264,363	(587,827)	0	4,676,536	512,887	5,189,423
Leisure and Communities Services	1,859,061	(1,093,362)	0	765,699	794,343	1,560,042
Planning and Strategic Housing Services	1,882,895	(353,886)	0	1,529,009	43,290	1,572,299
Retained and Corporate Council Services	1,621,727	4,823	0	1,626,550	(1,669,225)	(42,675)
Retained and Corporate Council Services - Covid		0	0	0	0	0
<b>Cost of Services</b>	<b>17,571,097</b>	<b>(3,113,115)</b>	<b>0</b>	<b>14,457,982</b>	<b>(60,404)</b>	<b>14,397,578</b>
Other Income and Expenditure	(15,153,220)	4,948,226	(4,634,357)	(14,839,351)	60,404	(14,778,947)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,417,877</b>	<b>1,835,111</b>	<b>(4,634,357)</b>	<b>(381,369)</b>	<b>0</b>	<b>(381,369)</b>
Budgeted transfer from General Fund - Contribution to Glos LGPS						1,665,175
<b>Surplus reported to Management</b>						<b>1,283,806</b>
Opening General Fund Balance (Unallocated) at 1 April				(2,552,710)		
(Surplus) / Deficit for the year				(381,370)		
Transfer to Financial Resilience Reserve				1,174,080		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(1,760,000)</b>		



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### 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:

	2023/24						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation & Amortisation £	Other Segment Adjs. £	Total Management Reporting Adjustments £
<u>Shared Service</u>							
Environmental and Regulatory Services	16,778	19,295	0	36,073	16,778	0	16,778
Business Support Services	8,953	30,230	0	39,182	8,953	0	8,953
ICT, Change and Customer Services	19,043	31,784	0	50,827	19,043	0	19,043
Land, Legal and Property Services	115,195	10,401	0	125,597	115,195	0	115,195
Chief Executive and Modernisation Costs	840	2,329	0	3,169	840	0	840
Revenues and Housing Support Services	348,240	17,184	0	365,424	34,095	219,302	253,397
<u>Strategic Directors</u>							0
Democratic Services	39,895	22,922	0	62,816	39,895	0	39,895
Environmental Services	553,650	10,895	0	564,545	550,650	0	550,650
Leisure and Communities Services	944,245	9,757	0	954,002	941,888	0	941,888
Planning and Strategic Housing Services	29,585	48,442	0	78,027	29,586	(100,000)	(70,414)
Retained and Corporate Council Services	4,446	(1,704,239)	0	(1,699,793)	4,446	(122,089)	(117,643)
<b>Cost of Services</b>	<b>2,080,870</b>	<b>(1,501,000)</b>	<b>0</b>	<b>579,870</b>	<b>1,761,369</b>	<b>(2,787)</b>	<b>1,758,582</b>
Other Income and Expenditure	(1,297,607)	307,000	(23,469)	(1,014,076)	(1,761,369)	2,787	(1,758,582)
(Surplus) / Deficit on Provision of Services	783,263	(1,194,000)	(23,469)	(434,206)	0	0	0

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2022/23							
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting			
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation & Amortisation £	Other Segment Adjs. £	Total Management Reporting Adjustments £	
<b>Joint Committee</b>								
Environmental and Regulatory Services	22,286	125,387	0	147,673	22,286	0	22,286	
GO Shared Services	11,891	217,663	0	229,554	11,891	0	11,891	
ICT, Change and Customer Services	29,130	197,060	0	226,190	29,130	0	29,130	
Land, Legal and Property Services	128,638	80,104	0	208,742	128,638	0	128,638	
Chief Executive and Modernisation Costs	1,116	18,334	0	19,450	1,116	0	1,116	
Revenues and Housing Support Services	17,392	109,420	0	126,812	17,392	(5,260)	12,132	
Revenues - Covid Grants	0	0	0	0	0	0	0	
<b>Strategic Directors</b>								
Democratic Services	53,108	71,334	0	124,442	53,108	0	53,108	
Environmental Services	515,587	72,240	0	587,827	512,887	0	512,887	
Leisure and Communities Services	1,033,243	60,119	0	1,093,362	794,343	0	794,343	
Planning and Strategic Housing Services	43,290	310,596	0	353,886	43,290	0	43,290	
Retained and Corporate Council Services	2,434	(7,257)	0	(4,823)	2,125	(1,671,350)	(1,669,225)	
Retained and Corporate Council Services - Covid	0	0	0	0	0	0	0	
<b>Cost of Services</b>	<b>1,858,115</b>	<b>1,255,000</b>	<b>0</b>	<b>3,113,115</b>	<b>1,616,206</b>	<b>(1,676,610)</b>	<b>(60,404)</b>	
Other Income and Expenditure	(2,406,123)	1,040,000	(3,582,103)	(4,948,226)	(1,616,206)	1,666,825	50,619	
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(548,008)</b>	<b>2,295,000</b>	<b>(3,582,103)</b>	<b>(1,835,111)</b>	<b>0</b>	<b>(9,785)</b>	<b>(9,785)</b>	

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## 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

	2022/23 £	2023/24 £
<b>Expenditure</b>		
Employee benefits expenses	3,009,412	1,547,435
Publica Contract Charge	10,567,998	10,726,252
Housing Benefit & other transfer payments	12,107,598	12,465,118
Covid Business Grants Paid	39,827	0
Other service expenses	15,442,647	16,529,313
Depreciation, amortisation and impairment	1,827,408	2,092,103
Interest payments and similar expense	1,049,518	644,608
Precepts and Levies	3,861,014	4,061,250
Other expenditure	3,855,880	3,175,195
<b>Total Expenditure</b>	<b>51,761,302</b>	<b>51,241,274</b>
<b>Income</b>		
Fees, charges & other service income	(9,737,097)	(10,404,920)
Housing Benefit Subsidy	(11,645,232)	(11,878,711)
Other Government Grants	(10,180,178)	(10,434,812)
Income from Council Tax	(9,986,674)	(10,446,672)
Income from Non Domestic Rates	1,516,005	1,160,543
Non Government Grants & Contributions	(7,404,007)	(6,206,138)
Investment interest and similar income	(1,831,312)	(2,404,235)
Other income	(74,930)	(296,353)
<b>Total Income</b>	<b>(49,343,425)</b>	<b>(50,911,298)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,417,877</b>	<b>329,976</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B3. Other Operating Income & Expenditure

	2022/23 £	2023/24 £
Gains on disposal of non current assets	(69,400)	0
Unattached capital receipts	0	(222,136)
Town and Parish Council precepts	3,861,014	4,061,250
Other receipts	(5,060)	(4,940)
	<b>3,786,554</b>	<b>3,834,174</b>

## B4. Financing and Investment Income and Expenditure

	2022/23 £	2023/24 £
Interest payable and similar charges	9,518	12,755
Interest receivable and similar income	(1,151,467)	(1,773,632)
Changes in fair value of financial assets	998,338	(71,223)
Movement in impairment allowance for doubtful debts	(1,917)	314,853
Movement in the fair value of investment property	665,383	502,000
Net investment property (income) / expenditure	(402,251)	(382,172)
Net income from other properties (income)/expenditure	(125,433)	2,571
Net interest on the net defined benefit pension liability	1,040,000	307,000
	<b>1,032,171</b>	<b>(1,087,848)</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B5. Taxation and Non Specific Grant Income

	2022/23 £	2023/24 £
National Non Domestic Rates		
- Redistribution	345,754	(349,227)
- Safety Net Levy	783,627	992,448
- (Surplus) / Deficit	386,624	517,262
	<b>1,516,005</b>	<b>1,160,483</b>
Council Tax income	(9,986,674)	(10,446,672)
Non-ringfenced government grants	(11,501,276)	(10,511,474)
	<b>(19,971,945)</b>	<b>(19,797,663)</b>

## B6. Members' Allowances

	2022/23 £	2023/24 £
Allowances	320,176	319,568
Expenses	2,973	4,470
	<b>323,149</b>	<b>324,038</b>

## B7. External Audit Costs

The Council's appointed auditor from 2023/24 is Bishop Fleming LLP (Grant Thornton LLP 2022/23); the Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

Additional audit fees in respect of both the 2022/23 and 2023/24 certification of the housing benefit subsidy return payable to KPMG LLP are also disclosed above.

	2022/23 £	2023/24 £
<b>Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year:</b>		
Scale Fee	42,058	136,941
Increases to Scale Fee 2022/23	25,000	
Fees payable to external auditor for the certification of grants claims and returns for the year	32,000	48,881
Additional fees payable relating to 2021/22 certification of grants claims	16,365	
Additional fees payable relation to 2022/23 certification of grants	0	14,487
	<b>115,423</b>	<b>200,309</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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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.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B8. Grant Income

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

	2022/23 £	2023/24 £
<u>Revenue grants credited to Cost of Services</u>		
Housing Benefit Subsidy	(11,416,245)	(11,742,134)
Housing Benefit and Council Tax Administration Subsidy	(231,978)	(159,304)
Discretionary Housing Benefit	(67,467)	(71,000)
Other Housing Benefit	(32,286)	(42,225)
Proptech Engagement Fund*	(328,906)	0
Homeless Prevention	(160,330)	(300,922)
NNDR Cost of Collection Allowance	(189,319)	(194,453)
Council Tax Energy Rebate New Burdens	(136,064)	0
Council Tax Energy Rebate - Discretionary	(135,554)	0
Energy Support Scheme Alternative Funding and Alternative Fuel Scheme - New Burdens	0	(35,600)
Business Rate Relief New Burdens	(72,018)	0
Covid Business Grants New Burdens	(57,966)	0
Contain Outbreak Management Fund	(58,470)	0
UK shared Prosperity Fund	(50,923)	(182,525)
Biodiversity Net Gain	0	(53,614)
PCC Elections	0	(32,313)
Domestic Abuse New Burdens	(33,818)	(35,565)
Strengthening Local Communities	(30,225)	(116,000)
Redmond Audit Grant	(18,435)	(19,079)
Electoral Integrity New Burdens	(18,251)	(56,065)
Test and Trace Grant Funding	(15,512)	0
High Street Reopening/Welcome Back Fund	(10,940)	0
Homelessness - Additional New Burdens	(3,963)	0
Neighbourhood Planning Grant	0	(40,000)
Local Council Tax Support - New Burdens	0	(9,932)
LGA - Local Partnership Funding	0	(5,000)
Pavement Licensing - New Burdens	0	(3,015)
	<b>(13,068,670)</b>	<b>(13,098,746)</b>
<u>Grants credited to Taxation and Non Specific Grant Income</u>		
Revenue Support Grant	0	(134,648)
New Homes Bonus	(810,236)	(290,188)
Lower Tier Services Grant	(1,435,018)	0
Section 31 NNDR Compensation	(5,668,851)	(5,716,789)
Rural Services Delivery Grant	(632,184)	(706,558)
Services Grant	(129,485)	(75,967)
Funding Guarantee	0	(1,988,274)
Other revenue grants	(7,203)	(8,103)
Public Sector Decarbonisation	(33,225)	0
CIL income (Capital infrastructure)	(2,785,074)	(1,353,483)
Other capital grants	0	(237,464)
	<b>(11,501,276)</b>	<b>(10,511,474)</b>

\* £143,6323 of Proptech Engagement Fund grant was transferred from Earmarked Reserves to fund expenditure in 2023/24.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

<u>Capital grants credited to Cost of Services in the Comprehensive Income and Expenditure Statement</u>	<b>2022/23</b>	<b>2023/24</b>
	<b>£</b>	<b>£</b>
Better Care Fund (Disabled Facilities Grants)	(1,092,136)	(1,344,331)
S.106 Receipts	(883,320)	(290,250)
Changing Places	(39,999)	(70,000)
UK Shared Prosperity Fund	(14,050)	(25,130)
Rural England Prosperity Fund	0	(11,985)
	<b>(2,029,505)</b>	<b>(1,741,696)</b>

## B8.a Non Current - Capital Grants Receipts in Advance

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£</b>	<b>£</b>
Environment Agency Grant [for specific Land drainage works]	(48,425)	0
Flood Defence Grants	(33,780)	0
SHI Loans	(140,565)	0
Better Care Fund (Disabled Facilities Grants)	(331,301)	(94,976)
Other Grants Receipts in Advance	(3,059)	0
	<b>(557,130)</b>	<b>(94,976)</b>

## B8.b Current - Capital Grants Receipts in Advance

	<b>2022/23</b>	<b>2023/24</b>
	<b>£</b>	<b>£</b>
Local Authority Housing Fund	(615,170)	(615,170)
Rural England Prosperity Grant	0	(179,088)
EVCP ORCS Grant	0	(143,700)
EVCP DfT Grant	0	(15,387)
Changing Places Toilets	(122,501)	(52,501)
Public Sector Decarbonisation Scheme	(22,079)	(14,457)
Other	(452)	(452)
	<b>(760,202)</b>	<b>(1,020,755)</b>



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### B9. Officer Remuneration

#### Senior Officer Remuneration

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

<b>2023/24</b>					
<b>Post</b>	<b>Salary, allowances &amp; other benefits £</b>	<b>Pension Contributions £</b>	<b>Compensation for Loss of Employment</b>	<b>Pension Strain</b>	<b>Total Remuneration £</b>
Chief Executive <sup>4</sup>	112,298	25,798	0	0	138,096
Deputy Chief Executive and Chief Finance Officer <sup>3 5</sup>	91,622	18,966	0	0	110,588
Director of Governance and Development (Monitoring Officer) <sup>6</sup>	91,622	18,966	0	0	110,588
	<b>295,542</b>	<b>63,730</b>	<b>0</b>	<b>0</b>	<b>359,272</b>
<b>2022/23</b>					
<b>Post</b>	<b>Salary, allowances &amp; other benefits £</b>	<b>Pension Contributions £</b>	<b>Compensation for Loss of Employment</b>	<b>Pension Strain</b>	<b>Total Remuneration £</b>
Chief Executive	108,500	21,917	0	0	130,417
Deputy Chief Executive and Chief Finance Officer <sup>1</sup>	29,650	5,809	0	0	35,459
Interim Deputy Chief Executive Chief Finance Officer <sup>2</sup>	72,590	0	0	0	72,590
Deputy Chief Executive and Chief Finance Officer <sup>3</sup>	40,306	8,142	0	0	48,448
Director of Governance and Development (Monitoring Officer)	88,200	17,816	0	0	106,016
	<b>339,246</b>	<b>53,684</b>	<b>0</b>	<b>0</b>	<b>392,930</b>

The total cost of Publica's Directors is disclosed in the Publica financial statements, which includes disclosures in respect of the highest paid Director.

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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<sup>1</sup> The Deputy Chief Executive and Chief Finance Officer left the employment of the Council on 22 July 2022. The figures above represent the full salary and allowances incurred by Cotswold District Council for the period 1 April 2022 to 22 July 2022.

<sup>2</sup> Section 151 of the Local Government Act 1972 requires the Council to employ a Chief Finance Officer. An Interim Deputy Chief Executive and Chief Finance Officer was appointed to cover this role between 21 July 2022 and 31 October 2022 pending a permanent appointment (see note 3 below). The full contractual costs of the interim appointment are disclosed in the table above.

<sup>3</sup> The Council's new Deputy Chief Executive and Chief Finance Officer started employment on 17 October 2022.

<sup>4</sup> Remuneration excludes Returning Officer payment of £12,482 and £2,554 pension contributions.

<sup>5</sup> Remuneration excludes election duties payment of £638.27.

<sup>6</sup> Remuneration excludes election duties payment of £500.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## 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 except for the Deputy Chief Executive and Chief Finance Officer within the 2022/23 comparator who was appointed part way through the 2022/23 financial year (17 October 2022).

	2022/23	2023/24
	No. of Officers including Severance or Other Related Payments'	
£50,000 to £54,999	2	1
£55,000 to £59,999	0	0
£60,000 to £64,999	0	0
£65,000 to £69,999	1	1
£85,000 to £89,999	1	0
£90,000 to £99,999	0	2
£100,000 to £104,999	0	0
£105,000 to £109,999	1	0
£110,000 to £114,999	0	1
£115,000 to £119,999	0	0
£120,000 to £124,999	0	0

## **B10. Termination Benefits**

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

	2022/23		2023/24	
	No. of packages	£	No. of packages	£
Severance Payments	1	36,156	0	0
Pension Strain Costs	1	197,852	0	0
		<b>234,008</b>		<b>0</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## 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:

Exit Package Cost band (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£201,001 - £250,000	0	0	1	0	1	0	234,008	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>234,008</b>	<b>0</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Notes to the Movement in Reserves Statement

#### C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2023/24			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,777,958)			
Revaluation losses on Property, Plant and Equipment	(317,145)			
Movements in the fair value of Investment Properties	(502,000)			
Capital Grants and Contributions applied	1,865,853			
Revenue Expenditure funded from Capital Under Statute	(1,744,053)			
Non current assets written off on disposal or sale	(195,094)			
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	195,094			
Capital Grants and contributions credited to CIES	1,467,147			(1,467,147)
Unattached Capital Receipts	222,136		(222,136)	
Statutory Provision for the repayment of Debt	3,114			
<u>Adjustments to Capital Resources</u>				
Use of capital receipts reserve to finance new capital expenditure			4,074,882	
Transfer from Deferred Capital Receipts on receipt of cash			(860,603)	
Write down of long term debtor on receipt of loan principal			(1,268,984)	
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled	71,223			
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	1,194,000			
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(48,111)			
	<b>434,206</b>	<b>0</b>	<b>1,723,159</b>	<b>(1,467,147)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	2022/23			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,632,399)			
Revaluation losses on Property, Plant and Equipment	(195,009)			
Movements in the fair value of Investment Properties	(665,383)			
Capital Grants and Contributions applied	2,062,730			
Revenue Expenditure funded from Capital Under Statute	(2,076,405)			
Non current assets written off on disposal or sale	(353,155)			
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	422,555		(369,400)	
Capital expenditure charged against General Fund Balance	200,000	187,383		
Capital Grants and Contributions credited to CIES	2,785,074			(2,785,074)
<u>Adjustments to Capital Resources</u>				
Use of capital receipts reserve to finance new capital expenditure			2,106,430	
Transfer from Deferred Capital Receipts on receipt of cash			(852,955)	
Write down of long term debtor on receipt of loan principal			(31,148)	
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	(998,338)			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	0			
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	(2,295,000)			
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	4,580,441			
	<b>1,835,111</b>	<b>187,383</b>	<b>852,927</b>	<b>(2,785,074)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### C2. Usable Reserves

#### Earmarked Reserves

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

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

	1 April 2023	Transfers between	Transfers Out	Transfers in	Transfer to General Fund	31 March 2024
	£	£	£	£	£	£
Financial Resilience Reserve	(1,174,080)	(1,728,186)	282,153	(489,363)	597,936	<b>(2,511,540)</b>
Council Priorities Fund	(2,218,615)	2,192,965	25,650			<b>0</b>
Council Priority: Transformation and Change	(194,839)	(6,261)	1,100			<b>(200,000)</b>
Council Priority: Publica Review	0	(500,000)	28,977			<b>(471,023)</b>
Council Priority: Climate Emergency	0	(250,000)				<b>(250,000)</b>
Climate Priority: Housing Delivery	0	(750,000)				<b>(750,000)</b>
Council Priority: Local Plan	(677,190)	(500,000)	269,637			<b>(907,553)</b>
Council Priority: Regeneration and Infrastructure	0	(200,000)				<b>(200,000)</b>
Other Commitments from Council Priorities Fund	(898,842)	659,813	88,236			<b>(150,793)</b>
Community-Led Housing	(805,354)	805,354				<b>0</b>
Business Rates Smoothing reserve	(300,000)			(195,789)		<b>(495,789)</b>
New Burdens Grant	(358,253)		214,852			<b>(143,401)</b>
Treasury	0			(150,000)		<b>(150,000)</b>
Asset Management and Property	0	(350,000)				<b>(350,000)</b>
Homeless	(5,263)	(184,471)				<b>(189,733)</b>
Planning	0	(119,676)				<b>(119,676)</b>
Other earmarked reserves	(2,359,018)	930,462	907,130	(817,403)		<b>(1,338,829)</b>
	<b>(8,991,454)</b>	<b>0</b>	<b>1,817,735</b>	<b>(1,652,555)</b>	<b>597,936</b>	<b>(8,228,337)</b>

### C3. Unusable Reserves

#### Summary of Unusable Reserves

	31 March 2023	31 March 2024
	£	£
Revaluation Reserve	(34,441,293)	(48,339,619)
Capital Adjustment Account	(31,825,327)	(32,663,228)
Pension Reserve	7,188,000	12,023,000
Deferred Capital Receipts Reserve	(4,140,045)	(3,482,028)
Collection Fund Adjustment Account	78,967	127,077
Pooled Investment Fund Adjustment Account	1,026,118	954,895
Financial Instruments Revaluation Reserve	0	47,100
	<b>(62,113,580)</b>	<b>(71,332,803)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority from increases in the value of its Property, Plant and Equipment not yet realised through sales.

The balance is reduced when assets with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> 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.

	2022/23 £	2023/24 £
Opening Balance - 1 April	(35,786,417)	(34,441,293)
Upward revaluation of assets	(2,331,288)	(15,539,470)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	2,803,954	964,340
<i>(Surplus) / Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services</i>	472,666	(14,575,131)
Difference between fair value and historic cost depreciation	625,459	676,804
Accumulated gains on assets sold	247,000	0
<i>Amount written off to the Capital Adjustment Account</i>	872,459	676,804
<b>Closing Balance - 31 March</b>	<b>(34,441,293)</b>	<b>(48,339,619)</b>



## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Capital Adjustment Account

The Capital Adjustment Account is a store of capital resources set aside to meet past expenditure

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

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

	2022/23	2023/24
	£	£
Opening Balance - 1 April	(31,318,675)	(31,825,326)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>		
Charges for depreciation of non current assets	1,632,399	1,777,958
Revaluation losses on Property, Plant and Equipment	195,009	317,145
Revenue expenditure funded from capital under statute	2,076,405	1,744,053
Amounts of non-current assets written off on disposal or sale	106,155	195,095
	<u>4,009,968</u>	<u>4,034,251</u>
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Historical cost depreciation adjustment	(625,459)	(676,804)
	<u>(625,459)</u>	<u>(676,804)</u>
<u>Adjustments between Capital &amp; Revenue Resources</u>		
Receipt of loan principal	0	1,246,500
	<u>0</u>	<u>1,246,500</u>
<b>Net written out amount of the cost of non current assets consumed in year</b>	<b>3,384,509</b>	<b>4,603,947</b>
<u>Capital financing applied in year</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,106,430)	(4,074,882)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,062,730)	(1,865,853)
Use of General Fund Earmarked Reserves applied to capital financing	(187,383)	0
Capital expenditure charged against the General Fund Balance	(200,000)	0
	0	0
Minimum Revenue Provision	0	(3,114)
	<u>(4,556,543)</u>	<u>(5,943,849)</u>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	665,383	502,000
<b>Closing Balance - 31 March</b>	<b><u>(31,825,326)</u></b>	<b><u>(32,663,228)</u></b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### 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.

	2022/23	2023/24
	£	£
Opening Balance - 1 April	37,920,000	7,188,000
Return on plan assets	4,330,000	(5,851,000)
Remeasurement of the net defined benefit liability	(37,357,000)	(1,777,000)
Asset Ceiling adjustment	0	13,657,000
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	3,715,000	1,485,000
Employers' pension contributions	(1,420,000)	(2,679,000)
<b>Closing Balance - 31 March</b>	<b>7,188,000</b>	<b>12,023,000</b>

### Deferred Capital Receipts Reserve

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

	31 March 2023	March 2024
	£	£
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(69,316)	(69,316)
Principal amounts on finance leases	(3,749,533)	(3,084,025)
Other deferred receipts	(289,697)	(297,187)
	<b>(4,140,046)</b>	<b>(3,482,028)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Collection Fund Adjustment Account

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

	1 April 2023 £	Transfers In £	Transfers Out £	31 March 2024 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:				
Council Tax	(12,856)	(78,795)	0	(91,651)
NNDR	103,299	0	126,906	230,205
NNDR - Renewal Energy Scheme	(11,477)	0	0	(11,477)
	<b>78,966</b>	<b>(78,795)</b>	<b>126,906</b>	<b>127,077</b>

### Pooled Investment Fund Adjustment Account

	2022/23 £	2023/24 £
Opening Balance - 1 April	27,780	1,026,118
Changes in fair value of Pooled Investment Funds	998,338	(71,223)
<b>Closing Balance - 31 March</b>	<b>1,026,118</b>	<b>954,895</b>

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

### Financial Instruments Revaluation Reserve

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

	2022/23 £	2023/24 £
Opening Balance - 1 April	(30,000)	0
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	30,000	47,100
<b>Closing Balance - 31 March</b>	<b>0</b>	<b>47,100</b>

## NOTES TO THE BALANCE SHEET

### Notes to the Balance Sheet

#### D1. Property, Plant and Equipment

Movements in 2023/24	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL P,P&E £
<b>Asset Cost or Valuation</b>						
Asset values at 1 April 2023	55,959,900	3,379,373	201	3,030,457	0	<b>62,369,931</b>
Additions	901,903	423,708	0	0	0	1,325,611
Revaluation increases / (decreases)	12,517,529		0	159,501	0	12,677,030
Derecognition - disposals	0	(487,696)	0	0	0	(487,696)
<b>Asset values at 31 March 2024</b>	<b>69,379,332</b>	<b>3,315,385</b>	<b>201</b>	<b>3,189,958</b>	<b>0</b>	<b>75,884,876</b>
<b>Depreciation</b>						
Accumulated depreciation at 1 April 2023	(373,773)	(1,211,244)	0	0	0	<b>(1,585,017)</b>
Depreciation charge for the year	(1,301,629)	(455,376)	0	(15,015)	0	(1,772,020)
Depreciation written out on revaluation	1,565,941	0	0	15,015	0	1,580,956
Derecognition - disposals	0	292,601	0	0	0	292,601
<b>Accumulated depreciation at 31 March 2024</b>	<b>(109,461)</b>	<b>(1,374,019)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,483,480)</b>
<b>Net Book Value of Assets</b>						
1 April 2023	55,586,127	2,168,129	201	3,030,457	0	60,784,914
31 March 2024	<b>69,269,871</b>	<b>1,941,366</b>	<b>201</b>	<b>3,189,958</b>	<b>0</b>	<b>74,401,396</b>

## NOTES TO THE BALANCE SHEET

Movements in 2022/23	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL P,P&E £
<b>Asset Cost or Valuation</b>						
Asset values at 1 April 2022	54,998,859	3,789,539	201	4,040,319	0	<b>62,828,918</b>
Additions	1,772,038	606,090	0	0	0	2,378,128
Revaluation increases / (decreases)	(810,997)	0	0	(1,009,862)	0	(1,820,859)
Derecognition - disposals	0	(1,016,256)	0	0	0	(1,016,256)
<b>Asset values at 31 March 2023</b>	<b>55,959,900</b>	<b>3,379,373</b>	<b>201</b>	<b>3,030,457</b>	<b>0</b>	<b>62,369,931</b>
<b>Depreciation</b>						
Accumulated depreciation at 1 April 2022	(328,673)	(1,761,222)	0	0	0	<b>(2,089,895)</b>
Depreciation charge for the year	(1,183,660)	(413,124)	0	(14,625)	0	(1,611,409)
Depreciation written out on revaluation	1,138,560	0	0	14,625	0	1,153,185
Derecognition - disposals	0	963,102	0	0	0	963,102
<b>Accumulated depreciation at 31 March 2023</b>	<b>(373,773)</b>	<b>(1,211,244)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,585,017)</b>
<b>Net Book Value of Assets</b>						
1 April 2022	54,670,186	2,028,317	201	4,040,319	0	60,739,023
31 March 2023	<b>55,586,127</b>	<b>2,168,129</b>	<b>201</b>	<b>3,030,457</b>	<b>0</b>	<b>60,784,914</b>

### Asset valuation, amortisation and depreciation

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

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

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

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

### Effects of changes in estimates

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

### Revaluations

The 2023/24 revaluations and impairment review were undertaken by Richard Webb MRICS and Sean O'Brien MRICS, of Publica Group (Support) Limited and Carter Jonas Chartered Surveyors. 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 5-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

## NOTES TO THE BALANCE SHEET

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 Carter Jonas Chartered Surveyors and by Publica Group (Support) Limited's Internal Valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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:

	<b>Other Land &amp; Buildings £</b>	<b>Vehicles, Plant &amp; Equipment £</b>	<b>Community Assets £</b>	<b>Surplus Assets £</b>	<b>TOTAL £</b>
Carried at [depreciated] Historical Cost	0	1,941,365	201	0	<b>1,941,566</b>
Valued at Current Value as at 31st March:					
2020/21		0	0	105,052	<b>105,052</b>
2022/23	3,621,782	0	0	506,405	<b>4,128,187</b>
2023/24	65,648,084	0	0	2,578,500	<b>68,226,584</b>
	<b>69,269,866</b>	<b>1,941,365</b>	<b>201</b>	<b>3,189,957</b>	<b>74,401,389</b>

### 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.

	<b>2022/23 £</b>	<b>2023/24 £</b>
Rental income	(479,622)	(467,114)
Direct operating expenses	77,371	84,491
Net losses from fair value adjustments	665,383	502,000
	<b>263,132</b>	<b>119,377</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

Investment properties are those that are held solely to earn rentals and/or capital appreciation. Investment properties are measured annually at cost and subsequently at fair value. Properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## NOTES TO THE BALANCE SHEET

The 2023/24 valuations were undertaken by Carter Jonas Chartered Surveyors. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, as outlined in Note D1 above.

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

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

	2022/23 £	2023/24 £
Opening Balance - 1 April	5,947,000	5,377,000
Additions	95,383	
Transfers and reclassifications	0	0
Net (losses) from fair value adjustments	(665,383)	(502,000)
<b>Closing Balance - 31 March</b>	<b>5,377,000</b>	<b>4,875,000</b>

### 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

	2022/23 £	2023/24 £
<b><u>Asset Cost or Valuation</u></b>		
Asset values at 1 April	176,291	126,692
Additions	10,822	0
Derecognition	(60,421)	(61,997)
<b>Asset values at 31 March</b>	<b>126,692</b>	<b>64,695</b>
<b><u>Amortisation</u></b>		
Accumulated Amortisation at 1 April	(145,603)	(106,172)
Amortisation charge for the year	(20,990)	(5,938)
Derecognition	60,421	61,997
<b>Accumulated Amortisation at 31 March</b>	<b>(106,172)</b>	<b>(50,113)</b>
<b>Net carrying amount at 31 March</b>	<b>20,519</b>	<b>14,581</b>

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.



## NOTES TO THE BALANCE SHEET

### D4. Non-Current Debtors

	31 March 2023 £	31 March 2024 £
Starter Home Initiative/Decent Homes Standard Loans	45,235	20,000
Council Mortgages & Housing Act Advances	31,500	31,500
Charities	69,316	65,752
Housing Improvement Loans	51,732	43,935
Employee Car Loans	2,283	0
Loan to 'Friends of the Cotswolds'	280,008	234,248
Loan to 'Barn Theatre'	9,148	2,326
Community Infrastructure Levy (CIL)	507,576	523,691
Cottsway Housing Association Loan	0	1,696,387
Finance Leases - principal outstanding	2,888,917	2,331,968
	<b>3,885,715</b>	<b>4,949,807</b>

### D5. Debtors

	31 March 2023 £	31 March 2024 £
Government Departments	1,172,086	1,045,708
Other Local Authorities (Statutory)	3,408,477	1,793,871
Other Local Authorities (Trading)	731,225	703,797
Collection Fund debtors (CDC Share)	1,728,263	1,438,717
Housing Benefit recovery	648,154	890,768
Finance Leases - principal outstanding	860,604	752,044
Covid Grants	573,018	51,519
CIL Debtors	1,477,020	1,486,482
Sundry Debtors	524,031	547,347
Other Debtors	1,163,851	1,568,923
Prepayments	411,737	407,730
	<b>12,698,466</b>	<b>10,686,906</b>
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(200,424)	(257,720)
Housing Benefit recovery	(580,632)	(799,934)
Sundry Debtors	(120,897)	(226,448)
	<b>11,796,513</b>	<b>9,402,804</b>

## NOTES TO THE BALANCE SHEET

### D6. Creditors

	31 March 2023	31 March 2024
	£	£
Government Departments	(1,989,612)	(1,098,435)
Agency Creditor - Covid Business Grants	(874,641)	(74,006)
Other Local Authorities (statutory)	(1,329,787)	(1,641,233)
Other Local Authorities (trading)	(507,886)	(275,148)
Collection Fund creditors (CDC Share)	(1,218,270)	0
Sundry Creditors	(277,298)	(1,961,648)
Finance Leases - principal outstanding	(15,767)	0
Other Creditors	(2,890,116)	(584,916)
Receipts in advance:		
- Agency Council Tax Energy Rebate	(728,120)	0
- Council Tax / NNDR payers	(453,918)	(606,902)
- Government Departments	(118,835)	(341,889)
- Sundry Creditors	(1,395,407)	(1,480,961)
	<u>(11,799,657)</u>	<u>(8,065,138)</u>
S106 Balances	(2,849,784)	(2,735,147)
	<u><b>(14,649,441)</b></u>	<u><b>(10,800,285)</b></u>

### D7. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
Business Rates (NDR) Appeals	(1,025,491)	(269,311)	153,087	0	<b>(1,141,715)</b>
Local Plan Judicial Review	0	(100,000)			<b>(100,000)</b>
	<u><b>(1,025,491)</b></u>	<u><b>(369,311)</b></u>	<u><b>153,087</b></u>	<u><b>0</b></u>	<u><b>(1,241,715)</b></u>

#### Business Rates (NNDR) appeals

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 both the 2017 list which came into effect in April 2017 together with a Check, Challenge and Appeal process, replacing the former appeals process and potential appeals against the 2023 list.

### 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.

	2022/23 £	2023/24 £
<b>Opening Capital Financing Requirement</b>	<b>16,017</b>	<b>20,212</b>
<b>Capital investment in the year</b>		
Property, Plant & Equipment	2,378,128	1,325,610
Investment Properties	95,383	0
Intangible Assets	10,822	0
Revenue Expenditure Funded from Capital under Statute	2,076,405	1,744,053
Loan	0	2,912,913
	<b>4,560,738</b>	<b>5,982,576</b>
<b>Sources of finance</b>		
Capital Receipts	2,106,430	4,074,881
Better Care Funding/Disabled Facilities Grants	1,092,136	1,344,331
S106 Contributions	883,320	290,250
Other grants & external funding	87,274	219,243
Earmarked Reserves	187,383	0
Direct Revenue Contributions	200,000	0
Minimum Revenue Provision (MRP)	0	3,114
	<b>4,556,543</b>	<b>5,931,819</b>
<b>Net increase / (decrease) in Capital Financing Requirement</b>	<b>4,195</b>	<b>50,757</b>
<b>Closing Capital Financing Requirement</b>	<b>20,212</b>	<b>70,969</b>

The increase in Capital Financing Requirement in 2023/24 represents capital expenditure in respect of insulated roof panels at Trinity Road financed through the Community Municipal Investment. The increase in requirement in 2022/23 represents EVCP assets financed through the Community Municipal Investment less assets acquired under finance leases financed through annual revenue leasing charges.

## NOTES TO THE BALANCE SHEET

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### D9. Assets Held for Sale

<b>Current Assets</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£</b>	<b>£</b>
Opening Balance - 1 April	300,000	0
Assets classified as/(transferred from) held for sale during the year:		
- Property, Plant & Equipment		
Assets sold	(300,000)	0
<b>Closing Balance - 31 March</b>	<b>0</b>	<b>0</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### Additional Disclosures – Technical Notes

#### E1. Defined Benefit Pension Scheme

##### Participation in pension schemes

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

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

##### Publica Group (Support) Limited

On 1<sup>st</sup> 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.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### 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:

	2022/23 £	2023/24 £
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<i>Cost of Services:</i>		
Current Service Cost	2,507,000	1,178,000
Past Service Cost	168,000	0
<i>Financing and Investment Income &amp; Expenditure:</i>		
Net Interest Expense	1,040,000	307,000
<b>Net Charge to Surplus or Deficit on Provision of Services</b>	<b>3,715,000</b>	<b>1,485,000</b>
<i>Other post employment benefit charged to Comprehensive Income &amp; Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	4,330,000	5,851,000
Actuarial (gains) arising on changes in financial assumptions	(43,869,000)	4,311,000
Actuarial (gains) arising on changes in demographic assumptions	(832,000)	571,000
Asset ceiling adjustment	0	(13,657,000)
Experience losses	7,344,000	(3,105,000)
	<b>(33,027,000)</b>	<b>(6,029,000)</b>
<b>Total post employment benefits charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(29,312,000)</b>	<b>(4,544,000)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	<b>(3,715,000)</b>	<b>(1,485,000)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employers' contributions payable to the scheme	<b>1,420,000</b>	<b>2,679,000</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Pension Assets and Liabilities recognised in the Balance Sheet

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

	31 March 2023	31 March 2024
	£	£
Present value of the defined benefit obligation - funded	(95,432,000)	(108,965,000)
Present value of unfunded obligations	(2,240,000)	(2,224,000)
Fair Value of Plan Assets	90,484,000	99,166,000
<b>Net liability arising from defined benefit obligation</b>	<b>(7,188,000)</b>	<b>(12,023,000)</b>

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

	2022/23	2023/24
	£	£
Opening Fair Value of Scheme Assets	94,012,000	90,484,000
Interest Income	2,514,000	4,264,000
Remeasurement Gains / (Losses)	(4,330,000)	5,851,000
Employers' Contributions	1,276,000	2,520,000
Employee Contributions	369,000	364,000
Contributions in respect of unfunded benefits	144,000	159,000
Benefits Paid	(3,357,000)	(4,317,000)
Unfunded Benefits Paid	(144,000)	(159,000)
<b>Closing Balance 31 March</b>	<b>90,484,000</b>	<b>99,166,000</b>

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

	2022/23	2023/24
	£	£
Opening Balance 1 April	(131,932,000)	(97,672,000)
Current Service Cost	(2,507,000)	(1,178,000)
Interest Cost	(3,554,000)	(4,571,000)
Contributions from Scheme Participants	(369,000)	(364,000)
Past Service Cost	(168,000)	0
Remeasurement Gains	37,357,000	(11,880,000)
Benefits Paid	3,357,000	4,317,000
Unfunded Benefits Paid	144,000	159,000
<b>Closing Balance 31 March</b>	<b>(97,672,000)</b>	<b>(111,189,000)</b>
	Funded	(95,432,000)
	Unfunded	(2,240,000)
		(108,965,000)
		(2,224,000)

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Composition of Scheme Assets

	2022/23				2023/24			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
<b>Debt Securities</b>								
Corporate Bonds (investment grade)			0.0	0%			-	0%
Corporate Bonds (non investment grade)			0.0	0%			-	0%
UK Government			0.0	0%			-	0%
Other			0.0	0%			-	0%
<b>Private Equity</b>								
All	-	1,721.9	1,721.9	2%	-	2,372.5	2,372.5	2%
<b>Real Estate</b>								
UK Property	3,172.7	2,872.2	6,044.9	7%	3,583.5	2,524.9	6,108.4	6%
Overseas Property	-	1,581.0	1,581.0	2%	-	1,939.4	1,939.4	2%
<b>Investment Funds and Unit Trusts</b>								
Equities	-	57,900.8	57,900.8	64%	-	59,820.2	59,820.2	60%
Bonds	5,785.2	9,755.5	15,540.7	17%	7,263.0	10,666.1	17,929.1	18%
Infrastructure	-	3,230.7	3,230.7	3%	-	4,145.3	4,145.3	4%
Other	-	3,598.1	3,598.1	4%	-	4,309.1	4,309.1	4%
<b>Derivatives</b>								
Foreign Exchange	-	-	0.0	0%	97.0	-	97.0	1%
Other	-	-	0.0	0%	-	-	0.0	0%
<b>Cash and Cash Equivalents</b>								
All	865.9	-	865.9	1%	2,445.0	-	2,445.0	3%
	<b>9,823.8</b>	<b>80,660.2</b>	<b>90,484.0</b>	<b>100%</b>	<b>13,388.5</b>	<b>85,777.5</b>	<b>99,166.0</b>	<b>100%</b>



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### 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:

<b>Mortality Assumptions (average future life expectancy at age 65 - years)</b>	<b>Males</b>	<b>Females</b>
Current Pensioners	22.1 years	24.5 years
Future Pensioners*	22.8 years	26.0 years
*Assume members aged 45 as at last formal valuation date - 31 March 2022		
<b>Financial Assumptions</b>	<b>31 March 2023</b>	<b>31 March 2024</b>
Rate of increase in pensions	3.0%	2.8%
Rate of increase in salaries	3.5%	3.8%
Discount Rate	4.8%	4.8%

At the date of the most recent valuation, the duration of the Employer's funded obligation is 17 years. Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% for both males and females. Based on these assumptions, the average life expectancies at 65 are summarised above.

Included in the assumptions is an allowance for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

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

	<b>Approx. increase in liability</b>	
	<b>%</b>	<b>£</b>
0.1% decrease in Real Discount Rate	2%	1,890,000
0.5% increase in salary increase rate	4%	4,448,000
0.1% increase in pension increase rate	0%	78,000
1 year increase in life expectancy	2%	1,890,000

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the actuary has estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e., if improvements to survival rates predominantly apply at younger or older ages).

The estimated employer's contributions for the year to 31<sup>st</sup> March 2025 will be approximately £2,324,000.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### E2. Financial Instruments

#### Categories of Financial Instruments

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

31 March 2023			31 March 2024	
Non-Current	Current		Non-Current	Current
£	£		£	£
		<b>Financial Assets at Amortised Cost</b>		
0	4,283,030	Investments	0	1,140,648
1	0	Ubico Shareholding	1	0
0	3,230,821	Cash and cash equivalents	0	3,643,651
996,798	4,033,777	Debtors	2,617,839	4,677,177
2,888,917	860,604	Finance Leases	2,331,968	752,044
3,885,716	12,408,232		4,949,808	10,213,520
		<b>Fair Value through Profit or Loss</b>		
9,432,128	1,166,564	Investments	9,445,923	1,226,450
0	8,978,545	Cash and cash equivalents	0	9,039,329
9,432,128	10,145,109		9,445,923	10,265,779
		<b>Fair Value through Other Comprehensive Income</b>		
1,000,000	7,125	Designated Equity Instruments	952,900	7,125
<b>14,317,844</b>	<b>22,560,466</b>	<b>Total Financial Assets</b>	<b>15,348,631</b>	<b>20,486,424</b>
		<b>Financial Liabilities at Amortised Cost</b>		
(357,254)	(93,503)	Borrowing	(259,593)	(97,662)
0	(4,895,691)	Creditors	0	(2,823,833)
0	(15,767)	Finance Leases	0	0
<b>(357,254)</b>	<b>(5,004,961)</b>	<b>Total Financial Liabilities</b>	<b>(259,593)</b>	<b>(2,921,495)</b>

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

	Non Current Debtors £	Current Debtors £	Current Creditors £
Total on Balance Sheet	4,949,807	9,402,804	(8,065,139)
Finance Leases (shown separately)	(2,331,968)	(752,044)	
<u>Items not classified as Financial Instruments:</u>			
Statutory & Government Debtors / Creditors	0	(3,565,853)	2,811,553
Payments / Receipts in Advance	0	(407,730)	2,429,753
<b>Total Debtors / Creditors (as above)</b>	<b>2,617,839</b>	<b>4,677,177</b>	<b>(2,823,833)</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### 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:

2022/23					2023/24			
Financial Assets			Financial Liabilities		Financial Assets			Financial Liabilities
Amortised Cost	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Amortised Cost	Fair Value through P&L	Fair Value through OCI	Amortised Cost	
£	£	£	£	£	£	£	£	
(446,708)	(607,405)	(28,250)	6,030	<b>Financing &amp; Investment Income and Expenditure</b>				
				Interest Expense	(841,640)	(845,054)	(28,500)	9,047
				Interest / Dividend income				
	998,338			Changes in impairment loss allowance				
				Changes in fair value		(71,223)		
				<b>Other Comprehensive Income</b>				
				Changes in fair value			47,100	
<b>(446,708)</b>	<b>390,933</b>	<b>(28,250)</b>	<b>6,030</b>	<b>Net (Gains) / Losses for the Year</b>	<b>(841,640)</b>	<b>(916,277)</b>	<b>18,600</b>	<b>9,047</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Fair Values of Financial Assets and Financial Liabilities

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

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

The following table shows the Council’s financial assets measured at fair value through profit and loss:

	Input level	As at 31 March 2024 £
<b>Fair Value through Profit or Loss</b>		
Money Market Funds	Level 1	9,039,329
Pooled Investment Funds	Level 1	10,672,373
		<b>19,711,702</b>

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

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

	31 March 2023		31 March 2024	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<b>Financial Assets at Amortised Cost</b>				
Investments	4,283,030	4,283,030	1,140,648	1,140,648
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	3,230,821	3,230,821	3,643,651	3,643,651
Non-Current Debtors	996,798	996,798	2,617,839	2,617,839
Non-Current Finance Leases	2,888,917	2,888,917	2,331,968	2,331,968
	<b>11,399,567</b>	<b>11,399,567</b>	<b>9,734,107</b>	<b>9,734,107</b>
<b>Financial Liabilities at Amortised Cost</b>				
Borrowing	(450,757)	(450,757)	(357,255)	(357,255)
Non-Current Finance Leases	0	0	0	0
	<b>(450,757)</b>	<b>(450,757)</b>	<b>(357,255)</b>	<b>(357,255)</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Equity Instruments Elected to Fair Value through Other Comprehensive Income

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

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

	Fair Value		Dividends	
	31 March 2023 £	31 March 2024 £	31 March 2023 £	31 March 2024 £
Fundamentum Social Housing REIT plc	1,000,000	952,900	28,250	28,500
	<b>1,000,000</b>	<b>952,900</b>	<b>28,250</b>	<b>28,500</b>

### Cotswold Climate Loan

During 2022/23, the Council secured £0.5m of funding through a loan instrument repayable over a five-year period. The funding is being used to support an energy efficiency and carbon reduction project as well as the installation of electric vehicle charging points. These projects contribute to the objectives set out in the Council's Climate Emergency Strategy 2020-30 which establishes a plan to deliver a Net-Zero district by 2045. The loan balance outstanding as at 31 March 2024 is £357,255 and is carried in the balance sheet at amortised cost.

### Cottsway 2 Limited – Loan Facility

On 26 July 2022, the Council entered into an agreement to provide a loan facility of £3,753,000 to Cottsway 2 Limited (a subsidiary of Cottsway Housing Association). The purpose of the loan facility is to enable the provision of new dwellings incorporating low carbon technology at Davies Road, Moreton-in-Marsh. £1,855,500 of the facility is a short-term arrangement which will be repaid in full on receipt of grant funding by Cottsway 2 Limited from Homes England. The remainder of £1,897,500 is a long-term secured loan facility to be repaid within 50 years of the first drawdown date. To the extent the loan facility is used, interest is payable to Cotswold District Council based on a rate of 3.25% per annum.

As of 31 March 2024, the balance on the loan facility was £1,666,143.

## **E3. Nature and Extent of Risks Arising from Financial Instruments**

The Council's activities expose it to a variety of financial risks. The Council's key risks are in relation to its financial assets. These are as follows:

- Credit risk – the possibility that other parties may fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such metrics such as interest rates.

### Overall procedures for managing risk

The Council's overall risk management procedures focus upon the unpredictability of financial markets and implementing procedures to minimise these risks. The duty to manage such risk is set out in the Local

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. These procedures require the Council to manage risk in the following ways:

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

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Credit Risk

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

This risk is minimised through the Treasury Management Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit rating criteria. The strategy also imposes upper limits on the amounts that can be invested with each financial institution. Full details of the minimum creditworthiness criteria (including rating provided by agencies such as Standard & Poor's, Moddy's and Fitch). The strategy also imposes upper limits on the amounts that can be invested with each financial institution. Full details of the minimum credit ratings can be found in the appendix to the Treasury Management annual investment strategy, which can be viewed via the Council's web-site.

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

	<b>Investment Balance</b>
<u>Fixed duration deals</u>	
Central Government	£1,140,648
<u>Call accounts and other 'cash equivalent' investments</u>	
Money Market Funds	£9,039,929
Call Accounts	£3,098,989
<u>UK Equities</u>	
Real Estate Investment Trust (REIT)	£960,025
<u>Pooled funds</u>	
Non-rating agency rated pooled fund <i>separately approved by the Council's Treasury Management advisors</i>	£10,672,373
	24,911,964

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

	<b>Investment values - maturing within:</b>			
	<b>0-3 mths</b>	<b>3-6 mths</b>	<b>6-12 mths</b>	<b>1 year +</b>
<u>Internally managed funds</u>				
Central Government	£1,140,648			
Money Market Funds	£9,039,329			
Call Accounts	£3,098,989			
UK Equities	£7,125			£952,901
<u>Externally managed funds</u>				
Pooled Funds	£72,900			£10,599,473
	<u>£13,358,991</u>			<u>£11,552,374</u>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### 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 financial year, a maximum limit is determined for exposure to fixed and variable interest rates. The Council's treasury management team monitors market conditions and forecasts for forecast interest rates; adjusting exposures accordingly. For instance, during periods of falling interest rates, and where economic conditions are favourable, fixed rate investments may be taken for longer periods to secure relatively higher long-term returns.

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

If interest rates had been 1% higher during the year (and all other factors remain unchanged), and this rate increase had applied to all variable-rate investment income, the effect upon the Comprehensive Income & Expenditure Account would have been an increase in interest receivable from investments of £344,994.

### Price Risk

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

### Foreign Exchange Risk

The Council's policy is to deal in pounds sterling wherever possible thus mitigating the need to deal in foreign exchange.



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### 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 2023 £	31 March 2024 £
Not later than one year	53,702	32,039
Later than one year & not later than five years	101,944	118,251
Later than five years	46,561	21,508
	<b>202,207</b>	<b>171,798</b>

Operating lease payments charged to Cost of Services during the year totalled £60,639 (2021/22 £49,684).

##### Finance Leases

The Council hire print room equipment under a finance lease. This lease ended in 2023/24. The assets were carried as Property, Plant and Equipment in the Balance Sheet at the following amount:

	31 March 2023 £	31 March 2024 £
Vehicles, plant, furniture & equipment	15,767	0
	<b>15,767</b>	<b>0</b>

The Authority is committed to making minimum payments under these 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 2023 £	31 March 2024 £
Finance lease liabilities:		
Current	15,767	0
Non Current	0	0
Finance costs payable in future years	2,247	0
<b>Minimum Lease Payments</b>	<b>18,014</b>	<b>0</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£	£	£	£
Not later than one year	18,014	0	15,767	0
Later than one year & not later than five years	0	0	0	0
Later than five years	0	0	0	0
	<b>18,014</b>	<b>0</b>	<b>15,767</b>	<b>0</b>

### Authority as Lessor [leasing assets out]

#### Finance Leases

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

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

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

	31 March 2023	31 March 2024
	£	£
Present value of principal payments outstanding on non current assets	3,749,521	3,085,089
Unearned finance income	2,761,047	2,701,077
	<b>6,510,568</b>	<b>5,786,166</b>

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 2023	31 March 2024	31 March 2023	31 March 2024
	£	£	£	£
Not later than one year	960,907	846,637	860,604	752,044
Later than one year & not later than five years	2,673,531	2,078,188	2,416,710	1,840,214
Later than five years	2,876,130	2,861,341	472,207	492,831
	<b>6,510,568</b>	<b>5,786,166</b>	<b>3,749,521</b>	<b>3,085,089</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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 2023/24 the Council received £175,811 in contingent rents (2022/23 £135,811).

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:

	<b>31 March 2023 £</b>	<b>31 March 2024 £</b>
Not later than one year	803,905	578,771
Later than one year & not later than five years	1,970,170	1,128,837
Later than five years	77,017	73,133
	<b>2,851,092</b>	<b>1,780,741</b>

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

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

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

#### ii) Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as inventories (stock) on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected (doubtful debts).
- The council has set a de-minimis level for accruals of creditors and debtors that are calculated manually in order to avoid additional time and cost in estimating and recording accruals. This level is set at £1,000 with the exception of any grant where applying the de-minimis level would affect a grant claim and any accruals included therein.

#### iii) Cash and cash equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

#### iv) Prior period, adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### v) Charges to revenue for non-current assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### vi) Council tax and non-domestic rates – England

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

#### Accounting for Council tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### vii) Employee benefits

#### Benefits payable during employment

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

An accrual for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end is not provided for in the accounts. This is because the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited in 2017/18. Due to the vastly reduced number of staff employed by the Council, a balance is no longer maintained for the cost of untaken annual leave, as the amount involved is not material to the accounts.

### Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pension reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### **viii) Post-employment benefits**

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

### The Local Government Pension Scheme

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

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

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
  - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

- Remeasurements comprising
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure
  - contributions paid to the Gloucestershire County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

### Discretionary benefits

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

### **ix) Events after the reporting period**

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

### **x) Financial instruments**

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. 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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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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 classification and measurement approach that reflects the business model for holding the financial assets (i.e. why we are holding the asset) and their cash flow characteristics. There are three main classifications:

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

The Council primarily holds investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

### Financial assets measured at amortised cost

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

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

### *Expected credit loss model*

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

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

### Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at fair value through other comprehensive income are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

### Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the 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.



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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This statutory provision ceases on 31 March 2025.

### Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

### **xi) Government grants and contributions**

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Section 106 funding contributions are payable by developers to the Council to discharge specific planning obligations associated with residential or commercial development. Section 106 funding contributions are held on the balance sheet as creditors as they may have to be returned to the developer if conditions associated with the funding are not met. Similarly, where grants have been received for specific projects these are treated as grants with conditions (creditors) until the project has begun or the item of equipment to which the grant relates has been purchased.

### **Community Infrastructure Levy**

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

The CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure. A share of the charges which are due to be payable to the County, Town or Parish Councils will remain in creditors (receipts in advance) until due.

### **xii) Heritage assets**

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

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

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

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

### **xiii) Intangible assets**

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

### **xiv) Inventories and long-term contracts**

Inventories (stocks) are included in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

### **xv) Investment property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

### **xvi) Leases**

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

Where a lease covers both land and buildings, the land and buildings 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 council as lessee**

#### Finance leases

Property, plant and equipment held under finance leases 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 Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – 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 policies 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 Council at the end of the lease period).

The Council 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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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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

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from use of the leased property, plant or equipment. Charges 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 rent-free period at the commencement of the lease).

### **The Council as lessor**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

### Operating leases

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

### **xvii) Property, Plant and Equipment**

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

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

### Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- community assets and assets under construction – depreciated historical cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets have short useful lives or low values (or both) depreciated historical cost basis is used as an approximation of current value.

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

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

Where decreases in value are identified, they are accounted for by:

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

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

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

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

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

### Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement) Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **xviii) Provisions, contingent liabilities and contingent assets**

#### Provisions

Provisions are made where an event has taken place on or before the balance sheet date:

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

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

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

### **xix) Reserves**

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

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

### **xx) Revenue expenditure funded from capital under statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### **xxi) Value Added Tax**

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

### **xxii) Fair value measurement of non-financial assets**

The authority's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

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

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

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

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

## **E6. Critical Judgements in Applying Accounting Policies**

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

- The Council has a one-eighth share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico Limited and group accounts have not been prepared.
- The Council jointly owns (with West Oxfordshire District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be merely an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of any surplus for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis Group Accounts have not been prepared.

- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Gloucestershire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore, the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.
- Under International Financial Reporting Standards (IFRS), assessments have been made as to the correct accounting treatment for a number of lease agreements which the Council has entered into. Categorising leases as either operating or finance leases results in different accounting treatment depending upon the categorisation of the lease. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.
- The Council has such an arrangement whereby it provides environmental services vehicles to Ubico Limited. Ubico Limited pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico Limited contracts where necessary). Ubico Limited pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Limited. This arrangement has been formalised in a lease agreement between Ubico Limited and the Council.
- The Council has also determined that their interest in Chipping Campden Leisure Centre and the use of the sports centre (operated by the Council's leisure operator SLM until July 2023 and Freedom Leisure from August 2023) which is legally owned by Chipping Campden school through a dual use agreement dated August 1995 for a period of 99 years is correctly recognised on the Council's balance sheet due to the unrestricted and ongoing relationship between the school and Council which has historically been agreed and will continue into perpetuity.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### E7. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual result differs from assumptions
<p>Property, Plant &amp; Equipment – Operational Property</p>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The Valuer has stated that valuations have been prepared in accordance with the RICS Valuation standard and recommendations contained within the RICS Red Book.</p> <p>In the context of the Council's property portfolio, the Valuer has assessed the impairment risk by sector and individual asset. Due to the material nature of the Council Offices, Museum and Leisure Centres it has been considered prudent to revalue all assets within these sectors.</p> <p>The remainder of the portfolio unvalued in 2023/24 has been assessed and it has been confirmed that there have been no further material changes to the portfolio that is considered sufficient to affect the unvalued position.</p> <p>The Council's valuers provided valuations as at 31 March 2024 for the Council's investment property portfolio and approximately 95% of its operational portfolio.</p> <p>With regards to Depreciated Replacement Cost (DRC) method valuations of operational properties and the residual valuations of the surplus properties, the valuers consider that of all the valuation elements in a DRC the build costings are the most volatile assumption and most susceptible to change through inflation and rising material/labour costings, among other things.</p> <p>Operational assets are depreciated over the best estimate of an asset's useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council's valuer.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would be unlikely to result in a significant charge to the Comprehensive Income and Expenditure Statement due to the level of revaluation reserve balance held of approximately £45m.</p> <p>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.</p> <p>If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall.</p> <p>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 £69.8m.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by approximately £56,000 for every year that useful lives had to be reduced.</p>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Item	Uncertainties	Effect if actual result differs from assumptions
<p>Fair Value measurement of Investment Property</p>	<p>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 this case, the valuers use the best information available.</p> <p>The investment properties' main assumptions for change are yield and rent. When valuing the investment properties, the valuers have run a number of valuations adjusting yields typically by 25 basis points each time to encapsulate and understand how current and future risk within the yield affects values. Whether this is further potential for rental growth, unknown covenant strength or letting void.</p>	<p>Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p> <p>It is not possible to quantify the level of variance that may arise if assumptions used differ from actual asset values. The Council is confident, however, that the risk of any variance will not affect the Council's financial strategy.</p> <p>A fall of 5% in the overall valuation would result in a fall in value of £243,750.</p>
<p>Pension Liability</p>	<p>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.</p> <p>An asset ceiling calculation has been applied to the pension fund asset value included in the accounts. This is due to an ongoing requirement to pay agreed past service contributions. Relevant accounting standards only set out high level principles, which are open to a wide range of interpretation. The approach adopted was proposed by the Council's consulting actuary following discussions with key LGPS audit practitioners.</p> <p>The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<p>The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities.</p> <p>For further details of the impact of variations in key assumptions, see note E1.</p> <p>Removing the asset ceiling calculation results in an increase in pension fund asset values of £13.657m. Instead of disclosing a pension liability of £12.023m the Council would instead disclose a pension fund asset of £1.634m</p>

### E8. Accounting Standards Not Yet Adopted

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

The following standards and amendments are not expected to be introduced until on or after 1 April 2024:

**IFRS 16 Leases** This standard will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low value and short leases). The authority does not have any material finance or operating lease liabilities as lessee. Work has commenced to determine the impact of the new standard for the 2024/25 accounts and as yet, no material implications have been identified.

**Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** - The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
- clarify how lending conditions affect classification, and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

**Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** - The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

**Non-current Liabilities with Covenants (Amendments to IAS 1)** - The amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

### E9. Related Parties

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

#### Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B8, *Grant Income*.

#### Members of the Council

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

Upon their election to serve the Authority all Members of the Council are required to complete a declaration of Members' interests form. The form requires any conflicting or relevant outside interests to be declared. If at any point a Council decision is required which impacts upon an individual or an organisation which they have an interest in, the Member is required 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.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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- Thirteen Cabinet Members have declared an interest as a Town or Parish Councillor where precepts, grants and contributions (£60,375) were awarded during 2023/24 (£70,414 in 2022/23).
- One Cabinet Member was nominated by the Council to sit on the board of Cotswold National Landscape, who received grants of £21,286 from the Council during 2023/24 (£31,286 in 2023/24).

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

In addition to being District Council Members, as of 31 March 2024 four of the Council's Members were also Members of Gloucestershire County Council (5 as of 31 March 2023). Cotswold District Council made payments of £652,118 to the County Council and received grants, fees and contributions of £2,022,318 during 2023/24 (payments of £238,998 and grants fees and contributions of £2,390,079 in 2022/23)

### Officers

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

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

### Publica Group (Support) Limited

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

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

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

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

During 2023/24 the Council made payments to Publica of £10,265,289 (2022/23 £10,567,998) for services and received income of £1,389,657 (2022/23 £804,758). At 31 March 2023 the Council owed Publica £51,246 (creditors and receipts in advance) (31 March 2023, £106,559) and was owed £855,530 (debtors and payments in advance) (31 March 2023, £434,570).

### Ubico Limited

Ubico Limited. was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012. The Council holds an equal 1/8<sup>th</sup> shareholding in the Company.

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

While the Council has a 1/8<sup>th</sup> shareholding in Ubico Limited, and a place on the Board of Ubico Limited, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico Limited. board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico Limited.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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During 2023/24 the Council made payments to Ubico of £8,419,283 for contract services (2022/23 £6,889,124) and received income of £778,003 (2022/23 £372,023). At 31 March 2024, Ubico Limited owed the Council £680,957(debtors) (2022/23, £679,281) and the Council owed Ubico Limited £245,655(creditors and receipts in advance) (2022/23, £891,883).

### 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 23 July 2024.

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 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



# NOTES TO THE CASH FLOW STATEMENT

## Notes to the Cash Flow Statement

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

	2022/23 £	2023/24 £
Depreciation, amortisation and impairment	1,632,399	1,777,958
Increase / (decrease) in creditors	(7,403,456)	(3,498,404)
(Increase) / decrease in debtors	(18,291)	1,170,175
Increase / (decrease) in provision for bad debts	(1,917)	324,853
(Increase) / decrease in inventories	(7,450)	1,893
Pensions' liability	2,295,000	(1,194,000)
Carrying amount of non current assets sold	300,000	0
Increase / (decrease) in provisions	(274,378)	216,224
Movement in the fair value of PPE charged to CIES	195,009	317,145
Movements in the fair value of investment properties	665,383	502,000
Movements in the fair value of financial instruments	998,338	(71,223)
Other non cash items charged to Surplus/Deficit on Provision of Services	53,155	0
	<b>(1,566,208)</b>	<b>(453,379)</b>

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

	2022/23 £	2023/24 £
Capital grants applied to the financing of capital expenditure	(4,847,804)	(3,333,000)
Proceeds from the sale of non current assets	(375,000)	0
Unattached capital receipts	0	(222,136)
	<b>(5,222,804)</b>	<b>(3,555,136)</b>

### F3. Investing Activities

	2022/23 £	2023/24 £
Purchase of property, plant & equipment and other capital investment	(2,042,494)	(1,303,764)
Purchase of short term and long term investments	(238,590,000)	(162,010,000)
Cottsway Loan issued	0	(2,912,985)
Proceeds from the sale of non current assets	371,643	1,020,206
Proceeds from disposal of short term and long term investments	239,810,000	165,150,000
Other (receipts) / payments from investing activities	6,591,811	1,246,500
	<b>6,140,960</b>	<b>4,921,374</b>



## NOTES TO THE CASH FLOW STATEMENT

### F4. Financing Activities

	2022/23 £	2023/24 £
Finance Lease repayments	496,005	0
Repayments of short term borrowing	(45,247)	(93,503)
Finance Lease repayments	(23,585)	(15,767)
	<b>427,173</b>	<b>(109,270)</b>

## THE COLLECTION FUND

### 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).

2022/23					2023/24		
Business Rates £	Council Tax £	Total £		Note	Business Rates £	Council Tax £	Total £
	(83,600,629)	(83,600,629)	Council Tax receivable	G1		(88,240,186)	(88,240,186)
(26,723,912)		(26,723,912)	Business Rates Receivable	G2	(27,979,754)		(27,979,754)
104,500		104,500	Transitional Protection Payments		(4,365,267)		(4,365,267)
(12,241,539)		(12,241,539)	Contribution to previous year's deficit		(975,890)		(975,890)
<b>(38,860,951)</b>	<b>(83,600,629)</b>	<b>(122,461,580)</b>	<b>Total Income</b>		<b>(33,320,911)</b>	<b>(88,240,186)</b>	<b>(121,561,097)</b>
			<u>Apportionment of previous year's deficit</u>				
0	(7,266)	(7,266)	Cotswold District Council		0	(2,168)	(2,168)
0	(45,904)	(45,904)	Gloucestershire County Council		0	(13,367)	(13,367)
0	(8,798)	(8,798)	Gloucestershire Police & Crime Commissioner		0	(2,579)	(2,579)
0	(61,968)	(61,968)			0	(18,114)	(18,114)
			<u>Precepts, Demands and Shares</u>				
13,823,343		13,823,343	Central Government		16,501,702		16,501,702
11,058,698	9,933,842	20,992,540	Cotswold District Council		13,201,362	10,370,045	23,571,407
2,764,675	61,237,004	64,001,679	Gloucestershire County Council		3,300,341	64,569,014	67,869,355
	11,817,396	11,817,396	Gloucestershire Police & Crime Commissioner			12,503,791	12,503,791
27,646,716	82,988,242	110,634,958			33,003,405	87,442,850	120,446,255
			<u>Charges on the Collection Fund</u>				
81,743	88,807	170,550	Write-offs of uncollectable amounts		268,231	129,161	397,392
(412,661)	74,990	(337,671)	Increase / (decrease) in Bad Debt / Appeals Provisions	G3	810,789	20,839	831,628
189,319		189,319	Cost of Collection		194,453		194,453
80,826		80,826	Disregarded Amounts	G4	111,297		111,297
(60,773)	163,797	103,024			1,384,770	150,000	1,534,770
<b>27,585,943</b>	<b>83,090,071</b>	<b>110,676,014</b>	<b>Total Expenditure</b>		<b>34,388,175</b>	<b>87,574,736</b>	<b>121,962,911</b>
<b>(11,275,008)</b>	<b>(510,558)</b>	<b>(11,785,566)</b>	<b>(Surplus) / Deficit for the Year</b>		<b>1,067,264</b>	<b>(665,450)</b>	<b>401,814</b>
11,532,993	402,734	11,935,727	(Surplus) / Deficit brought forward		257,985	(107,824)	150,161
<b>257,985</b>	<b>(107,824)</b>	<b>150,161</b>	<b>(Surplus) / Deficit carried forward</b>	G5	<b>1,325,249</b>	<b>(773,274)</b>	<b>551,975</b>

## NOTES TO THE COLLECTION FUND

### Notes to the Collection Fund

#### G1. Council Tax System

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

Council Tax was introduced on 1 April 1993, and is a property-based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. 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 2023/24.

Valuation Bands	Estimated number of taxable dwellings*	Ratio	Equivalent number of Band D dwellings
A- Band A - entitled to disabled relief reduction	2.50	5/9	1.39
A up to £40,000	2,956.10	6/9	1,970.73
B £40,001 - £52,000	4,485.70	7/9	3,488.88
C £52,001 - £68,000	10,115.60	8/9	8,991.64
D £68,001 - £88,000	6,945.50	1	6,945.50
E £88,001 - £120,000	6,071.75	11/9	7,421.03
F £120,001 - £160,000	4,814.00	13/9	6,953.56
G £160,001 - £320,000	4,512.25	15/9	7,520.42
H over £320,001	699.75	18/9	1,399.50
Contributions in lieu (South Cerney Barracks)	137.00	-	137.00
			44,829.64
			Adjustments for collection rates and anticipated changes during the year
			-2,455.40
			<i>* adjusted for discounts and exemptions</i>
			<b>42,374.24</b>

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 £1,967.79 per dwelling for 2023/24 (2022/23 - £1,875.37) This figure includes precept figures payable to Gloucestershire County Council, the Police and Crime Commissioner for Gloucestershire and Cotswold District Council but excludes the amount payable to Town & Parish Councils.

### G2. National Non-Domestic Rates

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

The Council is a member of the Gloucestershire Business Rates Pool, in which any levy payment or safety receipt is 'pooled' across several authorities. This enables each pool member to benefit from a lower levy rate payable should the growth in its business rates exceed its levy threshold, whilst receiving from the pool a safety net payment should its rates fall below its safety net threshold, contributed by the pool member. In 2023/24 the Authority benefited from a Pool distribution of £440,690 (£439,820 in 2022/23).

	2022/23 £	2023/24 £
Total Non Domestic Rateable Value at 31 March	£102,718,879	£103,346,738
National Non-domestic Rate Multiplier - Higher	51.2	51.2
National Non-domestic Rate Multiplier - Lower [Small Business]	49.9	49.9

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

### G3. Taxpayers' Arrears & Provisions for Uncollectable Amounts

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

	2022/23 £	2023/24 £	% of arrears
Council Tax	(175,000)	(195,839)	3.9%
National Non Domestic Rates	(448,690)	(586,201)	27.5%
	<u>(623,690)</u>	<u>(782,040)</u>	

### 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.

## NOTES TO THE COLLECTION FUND

### G5. Collection Fund Balance Sheet Apportionment

The balances on the Collection Fund are shared between the Council and its major precepting authorities (Gloucestershire County Council and the Gloucestershire Police and Crime Commissioner), in proportion to their precepts. The Fund balance for non-domestic rates is shared between the Council, Gloucestershire County Council and central government, in the statutory proportions.

The respective authorities' share of the balance is as follows at 31 March 2024:

	<b>Cotswold District Council £</b>	<b>Gloucs. County Council £</b>	<b>Central Govt. £</b>	<b>Gloucs. P&amp;CC £</b>
<b>Council Tax</b>				
Debtors	602,997	3,753,832	n/a	726,930
Bad Debt Provision	(23,229)	(144,597)	n/a	(28,003)
Prepayments and Overpayments	(305,962)	(1,904,701)	n/a	(368,845)
(Surplus) / Deficit at 31 March	(91,704)	(570,881)	n/a	(110,552)
<b>Business Rates</b>				
Debtors	852,826	213,206	1,066,032	n/a
Bad Debt Provision - Tax Payers	(234,481)	(58,620)	(293,100)	n/a
Bad Debt Provision - Appeals	(1,427,141)	(1,141,714)	(285,430)	n/a
Prepayments and Overpayments	(288,488)	(72,122)	(360,611)	n/a
(Surplus) / Deficit at 31 March	(230,207)	(57,553)	(287,764)	n/a

The apportionment of the balances on the Collection Fund as at 31 March 2023 is as follows:

	<b>Cotswold District Council £</b>	<b>Gloucs. County Council £</b>	<b>Central Govt. £</b>	<b>Gloucs. P&amp;CC £</b>
<b>Council Tax</b>				
Debtors	612,044	3,772,943	n/a	728,061
Bad Debt Provision	(20,947)	(129,121)	n/a	(24,918)
Prepayments and Overpayments	(174,516)	(1,075,803)	n/a	(207,596)
(Surplus) / Deficit at 31 March	(12,906)	(79,556)	n/a	(15,352)
<b>Business Rates</b>				
Debtors	1,116,219	279,055	1,395,274	n/a
Bad Debt Provision - Tax Payers	(179,476)	(44,869)	(224,345)	n/a
Bad Debt Provision - Appeals	(1,025,490)	(256,373)	(1,281,863)	n/a
Prepayments and Overpayments	(279,402)	(69,851)	(349,252)	n/a
(Surplus) / Deficit at 31 March	196,699	49,174	245,867	n/a

# ANNUAL GOVERNANCE STATEMENT

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## ANNUAL GOVERNANCE STATEMENT 2023/24

### 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)S”. The Annual Governance Statement (AGS) reflects compliance with this statement for reporting purposes.

### 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

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

The governance framework has been in place at Cotswold District Council for the year ended 31<sup>st</sup> March 2024 and up to the date of approval of the Annual Statement of Accounts.

The Council continues to recognise the economic challenge across the UK which places significant impact on the Council, its residents and businesses. A cross party Cost of Living Group continues to meet focussing on actions the Council could deliver directly, deliver in partnership with other organisations, or seek to influence or promote to help the local community through the economic crisis.

### 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, ensuring 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 role of the chief financial officer in public service organisations (September 2023)
- 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;
- 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)

<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <ul style="list-style-type: none"> <li>• Behaving with Integrity</li> <li>• Demonstrating strong commitment to ethical values</li> <li>• Respecting the rule of the law</li> </ul>
<ul style="list-style-type: none"> <li>• 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 Council's Constitution was reviewed and presented to Council in October 2022 and continues to be reviewed and updated as required. During 2023/24, the following updates have been made to the constitution:             <ul style="list-style-type: none"> <li>○ Appointment of two Independent Members to Audit and Gov Committee providing the Council with external scrutiny.</li> <li>○ Creation of a Standards Sub- Committee to hear code of conduct complaints against members. This also includes the appointment of two town and parish council representative to support the sub-committee in an advisory capacity should a complaint be raised against a town/parish councillor.</li> <li>○ Update of the Budget Council Protocol.</li> <li>○ Update of the Planning Scheme of Delegation and Planning Protocol.</li> <li>○ Enhanced transparency in relation to the management of public questions</li> <li>○ Updated Members Code of Conduct</li> <li>○ Updated Employee Code of Conduct</li> </ul> </li> <li>• Declarations of interest are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting.</li> </ul>

- The Council has a register of member interests, maintained by the Monitoring Officer, in which all registrable interests must be entered for both the elected Member and their spouse or partner. Members are reminded on a periodic basis of the need to register their interests. Registrable interests include gifts and hospitality received by members.
- An employee declaration is completed annually by all staff. A register of gifts and hospitality is maintained by the Corporate Responsibility team and is reviewed by the Governance Group every quarter. The policy and process for gifts, hospitality and sponsorship has been reviewed and updated during 23/24, along with improved staff communications.
- The Monitoring Officer and Section 151 Officer report directly to the Chief Executive 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 / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee.
- All HR policies have been reviewed and approved by Council.
- A Whistleblowing policy is in place and any reports are investigated by the Counter Fraud and Enforcement Unit.
- A Counter-Fraud and Enforcement Unit, which delivers services across Gloucestershire and in West Oxfordshire District Council is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to the Audit Committee twice a year.
- Meetings are minuted, with decisions and key actions recorded appropriately and published on the Council website.
- A detailed action plan was put place to address the key areas for improvement as recommended in the October 2022 LGA peer review. A Peer Review progress meeting was held on 30 November 2023, which provided an overview of the work completed to date against the recommendations: -
  - Governance – ensure arrangements are robust
  - Overview & Scrutiny – role and committee
  - Training & development for elected members
  - Address the financial challenges – including due diligence
  - Consider Recovery Investment Strategy
  - Ensure a cohesive and respectful workplace
  - Consider delivery of ambitions and priorities through Publica
- The large majority of actions have been completed or are on target for completion. A further review meeting is scheduled for November 2024.
- The Communications team ensures that communications through all of our various channels supports information / messaging and council services and supports information to reach audiences externally and internally. A bespoke Communications Strategy was put in place to help key audiences feel 'informed, reassured, safe and inspired', and this has been evaluated and adapted throughout the cost of living crisis.

### **B. Ensuring openness and comprehensive stakeholder engagement**

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively
- The council is committed to listening to the views of local people to help ensure that it is able to provide effective services in line with their needs
- Consultation and community engagement is seen as an integral part of service planning, budget setting and decision-making



- Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
- The Council's Corporate Plan has been updated to 2024-2028, along with an action plan. This is available on the Council website.
- All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change 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 Planning officers is included within the Constitution. The Council approved a revised and comprehensive Scheme of Delegation for officers in January 2024.
- The Council has a planning protocol which sets out guidance for both Officers and Councillors when determining Planning applications, specifically those which come before the Planning and Licensing Committee for decision. The protocol sets out the conditions for Members to refer applications within the District to the Planning and Licensing Committee. Referrals are reviewed by a Review Panel which considers which applications should proceed to the Committee. The Minutes of the Review Panel are circulated to all Members.
- Communication channels with staff include: one-to-one meetings between an officer and their supervisor, a weekly update email to all staff from the Publica Directors (Keeping you connected) and an online portal which contains informal blogs, policies, and further detail on subjects highlighted in the Keeping you connected update.
- A Customer Feedback form is available publicly for handling of comments, complaints and compliments. The Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey was carried out throughout some of the year, satisfaction for services delivered face to face and telephone were high.
- The Council maintains clear channels of communication with all sections of the Community and other Stakeholders.
- Members of the public may ask questions at all meetings held in public. We have changed our approach as part of the Council Constitution in 2022/23 to make it even more transparent.
- A report is produced quarterly for the Overview and Scrutiny Committee and Cabinet regarding the service and financial performance of the Council and achievements towards its aims and objectives.
- The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information 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, 2024 - 2028 which sets out how we will achieve our aims and deliver our priorities. The strategy was first developed in 2020 and this has since been updated in 2022 and again in 2024 as a number of projects have progressed and the local and national picture has developed.
- Publica and Ubico deliver the majority of the Council's services and both produce an annual Business Plan which is approved by the Council.
- An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance.
- Key tasks identified in the business planning process 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 Council has declared a Climate Emergency and Ecological Emergency and has a separate strategy and action plan on how these will be addressed within the district.
- The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy, revenue budgets and capital programme. 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 Teckal 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 one of the Council's most significant contractors. In recognition of this and the controlling interest the Council must have as a Teckal Company, 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 representatives from Publica to attend Overview & Scrutiny Committee to support discussion on quarterly performance reports;
    - Receiving monthly "Keeping You Connected" updates by email from Publica to all Members;
    - Inviting Publica senior officers to attend monthly informal Cabinet meetings 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; progress against Corporate Plan
    - Creation of fortnightly CDC retained officers/Publica Executives meetings where performance and progress against Corporate Plan priorities is a key agenda item.
    - 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 improved use of its assets and investments. In March 2023, a Cabinet Transform Working Group was formed to review potential saving proposals across all services. This will be further developed in 2023/24.
  - Given the creation of Publica is five years on, all Shareholder Councils jointly conducted a detailed review of future options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review examined the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this. See also the first paragraph in Section E.
  - The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
  - The Strategic risk register is reviewed regularly by the Local Leadership Team and reported to the Audit Committee.

- Projects and services maintain their own risk registers and elevate any high/red risks to the Local Leadership Team and Publica as appropriate for consideration. A Risk Group reviews risk registers each quarter, escalating any emerging risks to the strategic register.
- Key Performance Indicators are identified and are reported quarterly to both Cabinet and Overview and Scrutiny.
- 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 is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.
- Continue to analyse any legacy impact from the pandemic and the ongoing cost of living crisis and understand how they have impacted our strategic priorities. Understanding and managing a variety of impacts, including financial, service delivery, and health and wellbeing. The Council will continue to work with residents and local businesses to review and respond to their changing needs and to help them protect themselves and others, as well as recover from the health and economic costs arising from the cost of living crisis.
- 

### **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 was to increase service delivery 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 and specialist advice. As part of the review cited at the third paragraph in section D above, the Council will consider how the Publica governance model and Executive arrangements support the Council's Retained Officers' capacity to lead the Council and develop ideas, strategies and political engagement. This work is ongoing.
  - The move to a 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. Councillors also have a range of experience which is a valuable asset to the Council.
  - 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 at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures at Council and Officer level change.
  - Financial rules are in place and are reviewed and revised as required.
  - Induction programmes are 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 Chief Executive, 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.
  - Training is also provided for officers on an on-going basis as appropriate and necessary.

- A Leadership Development Programme has been established and is available to Managers at all levels within Publica and the Council.
- In response to the Peer Review, during 2022/23, more focus has been given to Member Training and Development including the creation of a cross party Members Development Strategic Steering Group (MDSSG) to oversee the learning and development of Councillors.

### **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
- 
- The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit Committee 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 the Overview and Scrutiny Committee and Cabinet.
  - Minutes of meetings are published and highlight the challenge made by Members to Officers and Cabinet Members.
  - There is improved oversight of key projects and associated risks.
  - The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities. The internal audit team provides the internal audit service to both the Council and Publica Group (Support) Ltd which strengthens the Council's oversight of Publica as one of its most significant contractors.
  - A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the 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 the Audit Committee, on a quarterly basis.
  - Recommendations made in audit reports are followed up 6 months after the completion of the audit and findings reported to the Audit Committee.
  - The Audit Committee's Terms of Reference are contained within the Constitution, Members have experience of a scrutiny role and training is provided when appropriate.
  - A 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 performs the role as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that officers are informed and appropriately trained.
  - The Council is part of the Gloucestershire Information Sharing Partnership. This enables data to be shared when necessary.
  - Audit reviews ensure data is held securely whether electronically or hard-copy.
  - The MTFs is reviewed and updated on a regular basis to ensure the Section 151 Officer, Chief Executive 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**
- 

- Transparency data is published on the Council's website.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to 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 the Audit Committee, further follow-up is planned if recommendations have not been actioned in full.
- The Council has a process for the receipt and processing of freedom of information requests made under the Freedom of Information Act.
- There is a presumption that all reports and the associated annexes to be considered in public meetings will be published. The Council's Legal Officer is consulted in circumstances where reports or annexes contain information which is considered to be exempt from publication.
- A Transparency Audit was completed by Internal Audit in November 2023. This identified a number of areas for improvement. All actions have now been addressed.

## **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 Publica 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.
- The Council's Leadership Team (including the Chief Executive, Section 151 Officer, the Monitoring Officer and the Publica Locality Assistant Directors) review the Corporate Risk Register on a quarterly basis. Service and Project Risk Registers are maintained by the relevant Publica Group or Business Manager.
- A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests, gifts and hospitality, action taken on audit recommendations, cyber security, the register of data protection breaches and counter fraud updates.
- A review of Public Interest Reports and other key reports is completed to identify any potential learning and organisational risks.
- 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). The Audit Committee oversees the framework of the Code of Conduct for Members on an annual basis.

- Induction processes are carried out for newly elected Members and appointed officers.
- The Section 151 Officer ensures training and awareness sessions are carried out for the Audit Committee periodically.
- The External Auditors (Grant Thornton until March 2023, Bishop Fleming from April 2023) present progress reports to the Audit Committee.
- The External Auditor's Annual Report and follow-up of management responses to issues raised in the Report or other reports are overseen by the Audit Committee.
- Quarterly performance reports, including the budget position, are presented to the Overview and Scrutiny Committee and Cabinet, demonstrating performance management against agreed performance indicators and budgets.
- The Audit Committee reviews the Annual Governance Statement.
- The Audit Committee reviews the Annual Statement of Accounts, the Capital Strategy, Investment Strategy, Treasury Management Strategy and reports from both Internal Audit (SWAP) and External Audit (Bishop Fleming), including quarterly progress reports.
- Council approves the annual budget and approves the Capital Strategy, Investment Strategy and Treasury Management 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 2023/24, in respect of the areas reviewed during the year, was "low reasonable". Areas identified for improvement included:
  - Administration of procurement cards. Actions have been agreed.
  - Recommendations for improvements in Revenues and Benefits, Climate Change, Treasury Management and Business Continuity
  - Recommendations for further improvements to planning validation
- 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 and/or the Council's appointed external auditors are also reviewed.

## ANNUAL GOVERNANCE STATEMENT

### 5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2023/24

When preparing its 2022/23 statement, the Council identified a number of areas which required focus and attention. Progress by the end of March 2024 is detailed in the table below:

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

	Key Area of Focus	Planned Actions	Responsible Officer	Completion due by	Progress
1	Raising awareness of the contract procedure rules	<ul style="list-style-type: none"> <li>The new Contract and Procurement Strategy will be approved July 2023. A priority this year will be to rollout Management and Officer Training to ensure this new strategy is understood and embedded.</li> </ul>	BP Proc	31/03/24	The new Contract and Procurement strategy has been approved by all partner Councils. Briefing notes have been issued and a presentation provided to all Business Managers on their responsibilities under the new strategy.
2	Financial Management	<ul style="list-style-type: none"> <li>To review the financial procedure rules and financial processes to be completed in 2023/24 against the CIPFA Financial Management Code.</li> </ul>	Director of Finance & Section 151	31/03/24 Moved to 31/03/25	<p>The Publica review and transition process will influence the timing and nature of any review of financial procedures and processes.</p> <p>This action will therefore carry over into next financial year and will need a more incremental approach when structures and timings are agreed.</p>

## ANNUAL GOVERNANCE STATEMENT

3	Risk Management	<ul style="list-style-type: none"> <li>To rollout the Risk Management Training to all relevant officers (Launched in May 2023)</li> <li>To build risk management into the new Leadership and Development Training</li> <li>To ensure the existing risk policy and process enables effective reporting, escalation and mitigation.</li> </ul>	BM Gov	31/03/24	<p>Risk management training was launched in May 2023. New portal pages are now live for Risk Management.</p> <p>The new leadership training is now on-hold due to the proposed changes in Publica and Council delivery models.</p> <p>A lot of work has been undertaken to ensure that Risks are identified, escalated, and mitigated. Risk is now taken to all SMT meetings.</p> <p>The new CDC Risk Register was presented to Audit and Governance Committee in November 2023 and work is now being completed on the Risk Policy which will be presented early in the new Financial Year.</p>
4	Emergency Planning	<ul style="list-style-type: none"> <li>To further increase community resilience in line with the new Resilience Framework, published in December 2022.</li> <li>To further develop our Emergency Response Framework by putting in place a Locality Response Team for Cotswold District Council who are trained and able to respond in the event of a significant local incident.</li> <li>To ensure Statutory Officers are trained and competent in their role as Gold (Strategic) Commander in the event of a significant local incident, and relevant officers are trained in Silver (tactical) and Bronze (operational response).</li> </ul>	BM Gov	31/03/24	<p>Advice and support is provided to interested communities as and when requested. A stronger LRF bid is currently at its final stages which will include a Business and Community role.</p> <p>New Locality based response teams are now in place for coordination and rest centre management. Regular meetings are in place with the volunteers. JESIP training has been completed and further training is scheduled for the Coordination Team, Rest Centre Team and Duty Manager / Officer</p> <p>JESIP training was completed in November 23 for all relevant staff. An overview of Emergency Planning responsibilities was delivered to Statutory Officers. Duty Officer and Manager refresher training scheduled.</p> <p>This is ongoing. Work is being undertaken with the LRF to ensure we are sighted on changes. A Gloucestershire Event Partnership Safety Group has been formed to bring together all Safety Advisory Group Chairs and Category One</p>



## ANNUAL GOVERNANCE STATEMENT

		<ul style="list-style-type: none"> <li>To ensure the Safety Advisory Group considers any implications from Martyn's Law when considering planned events.</li> </ul>			responders to share best practice. The first meeting was held in November.
5	Portal Content Management	<ul style="list-style-type: none"> <li>To review the Publica Portal content to ensure it is up to date, and includes the latest versions of all policies and procedures</li> </ul>	BM Comm	Dec 23	<p>Portal pages are now complete and live. This is now 'business as usual' with updates being made as and when requested by services who own each of their portal pages.</p> <p>Staff portals will need to be reviewed in light of the Publica Review and will be likely that each council will need their own portal as staff are taken back in-house and therefore each council will need its own internal comms.</p>
6	Business Continuity	<ul style="list-style-type: none"> <li>To further develop Business Continuity Processes to ensure they are robust and fit for purpose</li> <li>To test the business-critical Business Continuity Plans in 2023/24</li> </ul>	BM Gov	31/03/24	<p>The Emergency Planning Officer has now completed BCP training, and a plan is being developed to review the Business Continuity policy to identify any additional areas for improvement. A rolling programme of BCP updates has been agreed for next financial year to enable a more detailed review of service area Business Impact Assessments and Business Continuity Plans. This action will be carried over into next financial year.</p> <p>The IT BCP was recently tested through an internal audit which assumed a successful cyber-attack and the off-premise rebuild of a business critical IT system.</p>
7	New HR Policies	<ul style="list-style-type: none"> <li>Rollout a new and revised suite of HR policies in 23/24</li> <li>Ensure Managers are trained in the use of the new policies</li> </ul>	BM HR	31/03/24	<p>A suite of HR Policies has been reviewed and approved by Cabinet, with a further suite due later in the year.</p> <p>As HR policies are approved across the three partner Councils training will be completed.</p>

## ANNUAL GOVERNANCE STATEMENT

8	LGA Peer Review and Support	<ul style="list-style-type: none"> <li>Complete the action plan from the October 2022 LGA Peer Review</li> </ul>	CEO	31/03/24	<p>A detailed action plan is in place to address the key areas for improvement as recommended in the October 2022 LGA peer review. A Peer Review progress meeting was held on 30 November 2023, which provided an overview of the work completed to date against the recommendations: -</p> <ul style="list-style-type: none"> <li>Governance – ensure arrangements are robust</li> <li>Overview &amp; Scrutiny – role and committee</li> <li>Training &amp; development for elected members</li> <li>Address the financial challenges – including due diligence</li> <li>Consider Recovery Investment Strategy</li> <li>Ensure a cohesive and respectful workplace</li> <li>Consider delivery of ambitions and priorities through Publica</li> </ul> <p>The large majority of actions have been completed or are on target for completion. Some actions, such as the Publica Transition, will carry over into 2024/25.</p>
9	Review of service delivery model	<ul style="list-style-type: none"> <li>Conduct a review of future service delivery options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review will examine the priorities for service delivery options and transformation.</li> </ul>	CEO	31/03/24	<p>A review was completed by Human Engine with the report and recommendation taken to Cabinet on 2/11/23 and Full Council on 22/11/23. Programme Director has been appointed and is started the w/c 22 January 2024</p> <p>Local Partnerships have been commissioned to deliver a transition framework – this reported back to Cabinet and Council on the 7th March and 20<sup>th</sup> March respectively.</p> <p>Officer Transition Board established along with 4 key workstreams covering Finance, Legal, HR and Communications.</p>
10	Internal Audit Recommendations	<ul style="list-style-type: none"> <li>To address the recommendations made by Internal Audit and</li> </ul>	Director of Finance & Section 151	31/03/24	<p>This work is ongoing. An update on the Internal Audit recommendations and progress is presented by the Assistant Director, SWAP at</p>

## ANNUAL GOVERNANCE STATEMENT

		subsequently improve the Audit Opinion for 23/24.			Audit and Governance Committee on a 6-monthly basis.
11	Constitution Review	<ul style="list-style-type: none"> <li>To address recommendations from the External Auditor value for money review</li> </ul>	Director of Governance & Development (Monitoring Officer)	31/03/24	The Constitution Working Group has an ongoing work programme, meeting on a regular basis to review and update the Council's Constitution. Since January 2023 a number of amendments and additions have been agreed, including the Executive/Scrutiny Protocol; Protocol for Electronic Voting; Protocol for Independent Cabinet Member Decision Making; enhanced transparency in relation to the management of public questions; updated Members Code of Conduct; Monitoring Officer Protocol & updated Budget Protocol.

The Annual Internal Audit Opinion, as drafted by the SWAP Assistant Director (Head of Internal Audit), lists pieces of audit work being conducted during 2023/24, which includes consultancy and advisory services. assurance reviews were completed during the year.

All recommendations made are followed up by the Audit Team. The team has not raised any additional concerns over the delay or non-implementation of recommendations.

# ANNUAL GOVERNANCE STATEMENT

## 6. GOVERNANCE ACTION PLAN FOR 2024/25

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.	Freedom of Information	<ul style="list-style-type: none"> <li>Improve response times to Freedom of Information requests to ensure compliance with the relevant Act</li> <li>Publish a greater range of information to reduce the need to respond to regularly made Freedom of Information requests</li> </ul>
2.	Complaints Process	<ul style="list-style-type: none"> <li>Introduce a revised customer complaints process which aligns to the new Customer Complaints Code issued by the Local Governance</li> </ul>
3.	New service delivery models	<ul style="list-style-type: none"> <li>Conclude the review of future service delivery options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFs shortfall over the years ahead</li> <li>Insource services back from Publica and examine the priorities for a new service delivery model</li> <li>Implement options for efficiency and transformation</li> <li>Develop new values and behaviours</li> </ul>
4.	Council Constitution and Code of Corporate Governance	<ul style="list-style-type: none"> <li>Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model</li> <li>Undertake a full review of the Council's Code of Corporate Governance to reflect the new service delivery model</li> </ul>
5.	Emergency Planning and Business Continuity	<ul style="list-style-type: none"> <li>Ensure the Council has resilience and can respond effectively in the event of a significant local incident under the new service delivery model</li> <li>Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model</li> <li>To test the business critical Business Continuity Plans in 2024-25</li> </ul>
6.	Risk Management	<ul style="list-style-type: none"> <li>To review the Risk Management Policy</li> <li>To complete a risk maturity self-assessment</li> </ul>
7.	Financial Management	<ul style="list-style-type: none"> <li>To review the financial procedure rules and financial processes to be completed in 2024/25 against the CIPFA Financial Management Code</li> </ul>
8.	Procurement	<ul style="list-style-type: none"> <li>Implementation of the Procurement Act 2023 and subsequent revision of contract procedure rules</li> <li>To train officers as required.</li> </ul>
9.	Peer Review	<ul style="list-style-type: none"> <li>To complete the Action Plan from the outcomes of the Peer Review.</li> </ul>
10.	Legislative Changes	<ul style="list-style-type: none"> <li>To keep abreast of any legislative changes and Government Policy and action where required.</li> </ul>

### 7. 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 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

**Robert Weaver**  
Chief Executive

**Date:**

**Date:**

(END)

# INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report to the members of Cotswold District Council

## Report on the Audit of the Financial Statements

Opinion







## Glossary

### Accounting Period

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

### Accounting Statements

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

### Accruals

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

### Actuarial Gains and Losses [Defined Benefit Pension Scheme]

Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

### Amortisation

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

### Appointed Auditors

The Local Audit and Accountability Act 2014 includes a statutory requirement that a local Authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2023/24, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSAA) for Local Government Authorities that have opted into its national scheme. Bishop Fleming LLP is the Council's appointed auditors for the period 2023/24 to 2027/28.

### Billing Authority

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

### Business Rates (NNDR/NDR)

Rates payable on business (non-domestic) premises based on their Rateable Value.

### Capital Expenditure

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

### Capital Programme

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

### Capital Receipts

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

### Collection Fund

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

### Community Assets

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

### Contingent Asset

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

### Contingent Liability

A contingent liability is either:

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

### Council Tax

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

### Council Tax Base

The amount calculated by each billing Authority from which the entitlement of its share is derived.

### Creditors

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

### Current Service Cost [Defined Benefit Pension Scheme]

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

### **Curtailment [Defined Benefit Pension Scheme]**

An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

### **Debtors**

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

### **Depreciation**

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

### **Direct Revenue Financing (DRF)**

Resources provided from an Authority's revenue budget to finance the cost of capital projects.

### **Events After the Balance Sheet Date**

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

### **Exceptional Items**

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

### **Expected Return on Assets [Defined Benefit Pension Scheme]**

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

### **Finance Lease**

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

### **Financial Instruments**

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

### **Financial Liability**

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

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

### **General Fund (GF)**

The main revenue fund used to meet day-to-day spending on providing Council services.

### **Government Grants**

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

### **Impairment**

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

### **Infrastructure Assets**

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

### **Intangible Assets**

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

### **Inventories**

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

### **Investment Property**

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

### **Liability**

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

### **Local Council Tax Support Scheme**

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

### **Materiality**

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

### **Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet.

### **Net Interest on the Net Defined Benefit Liability [Defined Benefit Pension Scheme]**

The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

### **Non-Current Assets**

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

### **Non-Current Liabilities**

Amounts, which will become due or could be called upon beyond the next accounting period.

### **Non-Operational Assets**

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

### **Operating Leases**

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

### **Operational Assets**

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

### **Past Service Costs [Defined Benefit Pension Scheme]**

The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

### **Precept**

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

### **Precepting Authorities**

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

### **Prior Period Adjustments**

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

### **Provisions**

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

### **Prudential Code**

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

### **Related Parties**

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

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

### **Related Party Transactions**

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

### **Reserves**

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

### **Revenue Expenditure**

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

### **Revenue Expenditure Funded by Capital Under Statute (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.

### **DLUHC (Department for Levelling Up, Housing and Communities)**

The Department for Levelling Up, Housing and Communities (formerly the Ministry for Housing, Communities and Local Government) is the UK Government Department responsible for housing, communities, local government and the levelling up policy.

## INDEX OF NOTES TO THE ACCOUNTS

	Note	Page
Accounting Policies	E5	62-75
Accounting Standards Not Yet Adopted	E8	78
Adjustments between Accounting Basis and Funding Basis Under Regulation	C1	31 – 32
Assets Held for Sale	D9	45
Assumptions and Other Major Sources of Estimation	E7	76 – 77
Capital Expenditure and Financing	D8	46
Capital Grants – Receipts in Advance	B8a/b	26
Cash Flow - Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities	F2	82
Cash Flow - Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements	F1	82
Cash Flow – Financing Activities	F4	83
Cash Flow – Investing Activities	F3	82
Collection Fund – Balance Sheet Apportionment	G5	87
Collection Fund - Business Rates – Disregarded Amounts	G4	86
Collection Fund – Council Tax System	G1	85
Collection Fund – National Non-Domestic Rates	G2	86
Collection Fund - Tax Payers' Arrears & Provisions for Uncollectable Amounts	G3	86
Creditors	D6	44
Critical Judgements in Applying Accounting Policies	E6	74
Debtors	D5	43
Defined Benefit Pension Scheme	E1	46 - 51
Events After the Balance Sheet Date	E10	80
Expenditure and Funding Analysis	B1	17 – 21
Expenditure and Income Analysed by Nature	B2	21
External Audit Costs	B7	23
Financial Instruments	E2	52 – 53
Financing and Investment Income & Expenditure	B4	22
Grant Income	B8	25
Intangible Assets	D3	42
Investment Property	D2	41 – 42
Leases	E4	59 – 61
Members' Allowances	B6	23
Nature and Extent of Risks Arising from Financial Instruments	E3	55 - 58
Non-Current Debtors	D4	43
Officer Remuneration	B9	27 – 28
Other Operating Expenditure	B3	22
Property, Plant and Equipment	D1	38 – 41
Provisions	D7	44
Related Parties	E9	78-80
Taxation and Non-Specific Grant Income	B5	23
Termination Benefits	B10	29
Unusable Reserves	C3	33 – 37
Usable Reserves	C2	33

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**COTSWOLD**  
District Council

Bishop Fleming LLP  
10 Temple Back  
Redcliffe  
Bristol  
BS1 6FL

[Date]

Dear Sirs and Madams,

**Cotswold District Council**

#### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the Cotswold District Council (the Council) financial statements for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

##### **1. General**

We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

All the transactions undertaken by the Council have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit of the Council. We have provided you with unrestricted access to all appropriate persons within the Council, and with all other records and related information requested, including minutes of all Council and Committee meetings.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

##### **2. Internal control and fraud**

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the Council involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud the Council's financial statements communicated by current or former employees, analysts, regulators or others.

### **3. Assets and liabilities**

The Council has satisfactory title to all assets and there are no liens or encumbrances on the Council's assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include PPE and investment property valuations, pension liability and NNDR provisions

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

### **4. Accounting estimates**

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

### **5. Legal claims**

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

### **6. Laws and regulations**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

### **7. Related parties**

Related party relationships and transactions comply with the Council's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

### **8. Subsequent events**

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.



**9. Going concern**

We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

**10. Annual Governance Statement**

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**11. Narrative Report**

The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

.....

Cllr Nigel Robbins

Signed on behalf of the Audit and Governance Committee of Cotswold District Council

[Date]

Yours faithfully

.....

David Stanley

Deputy Chief Executive and S151 Officer

[Date]

## Appendix A

Factual (F), Judgemental (J), Projected (P)	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Cotswold District Council's share of £3 million understatement of asset values in the Gloucestershire County Council Pension Fund as reported by KPMG [P]	-	90	90	-
<b>Total</b>	-	90	90	-