Public Document Pack

COTSWOLD
District Council

Monday, 19 January 2026

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AUDIT AND GOVERNANCE COMMITTEE

A meeting of the Audit and Governance Committee will be held in the Council Chamber - Council Offices, Trinity Road, Cirencester, GL7 1PX on **Tuesday, 27 January 2026 at 4.00 pm.**

JHPortman

Jane Portman
Interim Chief Executive

To: Members of the Audit and Governance Committee
(Councillors Nigel Robbins, Helene Mansilla, Nick Bridges, Tony Dale, Jeremy Theyer, Jon Wareing, Len Wilkins and Christopher Bass)

Recording of Proceedings – The law allows the public proceedings of Council, Cabinet, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Committee Administrator know prior to the date of the meeting.

Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX
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AGENDA

1. **Apologies**
To receive any apologies for absence. The quorum for the Audit and Governance Committee is 3 members.

2. **Substitute Members**
To note details of any substitution arrangements in place for the meeting.

3. **Declarations of Interest**
To receive any declarations of interest from Members relating to items to be considered at the meeting.

4. **Minutes** (Pages 5 - 12)
To confirm the minutes of the meeting of the Committee held on 4 December 2025.

5. **Public Questions**
To deal with questions from the public within the open forum question and answer session of fifteen minutes in total. Questions or supplementary questions from each member of the public should be no longer than one minute each and relate issues under the Committee's remit.

6. **Member Questions**
To deal with written questions by Members, relating to issues under the Committee's remit, with the maximum length of oral supplementary questions at Committee being no longer than one minute. Responses to any supplementary questions will be dealt with in writing following the meeting.

7. **Audit and Governance Committee Work Plan** (Pages 13 - 14)
Purpose:
For the Committee to review and note its work plan.

8. **Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2026/27** (Pages 15 - 66)
Purpose:
The Council is required to approve a Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2026/27 prior to 01 April 2026.

This report presents the draft Treasury management Strategy Statement (TMSS) for 2026/27 (**Annex A**), draft Non-Treasury Investment Strategy (**Annex B**) and draft Minimum Revenue Provision (MRP) Statement (**Annex C**). These have been prepared in accordance with

- The CIPFA Prudential Code (2021)
- The CIPFA Treasury Management Code of Practice (2021)
- Ministry of Housing, Community and Local Government (MHCLG) revised statutory guidance on Local Government Investments.

Together they set out the Council's approach to borrowing, investment, cash flow management and prudent capital financing for the year ahead.

9. **Annual Capital Strategy** (Pages 67 - 86)

Purpose:

The Council is required to approve a Capital Strategy for 2026/27 before 01 April 2026.

The Capital Strategy 2026/27 (**Annex A**) is prepared in accordance with CIPFA's "Prudential Code" and the "Treasury Management Code of Practice" (2021 editions), and the Ministry of Housing, Community and Local Government (MHCLG) revised guidance on Local Government Investments.

10. **Information Governance Update & Senior Information Risk Owner (SIRO) Annual Highlight Report 2024/25** (Pages 87 - 98)

Purpose:

To provide the Committee with its first Information Governance & SIRO report, summarising the Council's key actions and progress in reducing information risk and strengthening data and information management controls during the 2024/25 financial year.

11. **2024/25 External Audit Report and Audit Opinion** (Pages 99 - 252)

Purpose:

To update the Committee on the findings of the financial statement external audit of the 2024/25 financial year.

Bishop Fleming anticipates issuing an unqualified audit opinion with no material adjustments required to the financial statements.

12. **Matters exempt from publication**

If the Audit and Governance Committee wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Committee to pass a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 on the grounds that their presence could involve the likely disclosure of exempt information as described in Schedule 12A of the Local Government Act 1972.

The Committee may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

This satisfies:

- Regulation 11 (public interest test)
- s.100A(4) LGA 1972
- Schedule 12A para 7

13. **Cybersecurity Update** (Pages 253 - 260)

This report contains exempt information within the meaning of Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972, as it contains information relating to the actions taken or to be taken in connection with the prevention, investigation or prosecution of crime.

The report is therefore not for publication in accordance with Regulation 12 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

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Audit and Governance Committee
04/December2025

Minutes of a meeting of Audit and Governance Committee held on Thursday, 4 December 2025

Members present:

Nigel Robbins	Helene Mansilla
Nick Bridges	Jeremy Theyer
Tony Dale	Len Wilkins

Officers present:

Tyler Jardine, Trainee Democratic Services Officer
Michelle Burge, Chief Accountant and Deputy Section 151 Officer
Nickie Mackenzie-Daste, Senior Democratic Services Officer
David Stanley, Deputy Chief Executive and Chief Finance Officer
Alex Walling (Bishop Fleming)
Kira Thompson, Election and Democratic Services Support Assistant

Observers:

Councillors Patrick Coleman, Mike Evemy and Angus Jenkinson

41 Apologies

There were no apologies for absence.

42 Substitute Members

There were no substitute members.

43 Declarations of Interest

No declarations were made.

44 Minutes

The Committee noted the minutes of 30 September 2025. No issues were raised, and upon being proposed and seconded, the Committee agreed to approve the minutes.

RESOLVED: The minutes of the Audit and Governance Committee on 30 September 2025 were APPROVED (2 votes for, 1 abstention.)

45 Public Questions

There were no public questions.

46 Member Questions

There were no member questions.

47 Treasury Management Mid-Year Report

The Chair invited the Deputy Chief Executive Officer to introduce the item. The Deputy CEO noted that the report author was present at the Committee and apologised for the atypical formatting of the report, explaining that this was produced as part of the Council's required information provision to the Chartered Institute of Public Finance and Accountancy (CIPFA) rather than in line with the Finance team's usual reports for the Committee. The Deputy CEO explained that the Council had benefited from improved returns on investment in 2025 as well as two additional factors – a higher balance for investing via taxation and limited spending, and limited shifting of interest rates from the Bank of England, both of which contributed positively to the Council's financial position. The officer also noted the only ongoing borrowing being a 'climate bond' from circa 2022, which was being actively repaid and was utilised on projects including solar panel installation and electric vehicle charging points within the District. The Council had not undertaken any borrowing during the 2024-2025 period and did not intend to for the remainder of the year.

The Deputy CEO noted that Section 5 referenced externally-managed funds ("pooled funds", a Cash Plus fund and a Real Estate Investment Trust (REIT)) – and explained that there was some concern regarding the statutory override that existed on the accounting for pooled funds which was due to expire on 31 March 2025, but this had been extended through to 2029. The officer also noted that this would not cover any pooled fund investments made after 1 April 2024 but this caveat did not apply to any of the Council's current investments, having all been made prior to that date. The Deputy CEO then requested questions or comments from Committee members.

The Committee noted some errors in grammar – page 25 misspelled "diversified", and Annex A, part 1.3, had a percentage value missing. The report author officer confirmed that these would be corrected.

The Committee queried Table 5, showing the initial value versus current value for all pooled funds. The Committee asked how they should consider an investment that had reduced in overall value despite continuing to provide a dividend to the Council. The Deputy CEO explained that while the total value had decreased, the period from which the investments were initially taken out meant that they had provided, over time, a greater income than their change in value. The officer continued to explain that the pooled funds were also partially selected to diversify the Council's portfolio in light of limited returns on cash balances, and that the intent of these investments was to hold them long-term, anticipating certain holdings may increase or decrease in value, but that the overall portfolio was expected to, supported by opinions from Arlingclose, stay in the black. Past performance of certain funds did not, in this case, necessarily indicate future performance. The Chair queried how difficult it would be to withdraw Council funds from these investments if it were considered appropriate to do so in future. The Deputy CEO explained that it would depend on the individual funds in question, and whether the other invested parties also did so at the same time, referencing a property developer as a hypothetical, which would prompt the fund to protect its own integrity and make withdrawing more expensive or difficult. The officer summarised the system as there being "a cost to go into these investments and a cost to go out of them". The officer added that there was around £350,000 earmarked in the eventuality of withdrawal at cost, that there remained a balancing act on protecting the Council from unexpected risk and actively utilising funds on projects within the District.

RESOLVED: The Committee noted the Treasury Management report.

48 External Auditors Annual Report 2025/26

Alex Walling, an Auditor from Bishop Fleming, attended the Committee to introduce and discuss the report and explained that this item was one of the reports required to be provided to the Council as part of the National Audit Office (NAO) Code of Audit Practice. The report remained in draft format for the Committee due to the timings set by the NAO. Principally the report covered the findings of the accounts audit, as well as Value-For-Money (VFM) commentary under three key areas; financial sustainability, governance, and the three 'E's of Economy, Efficiency and Effectiveness, chosen due to ongoing concerns on these areas across the wider public sector. The Auditor noted that staff losses had limited the pace of completion for these reports and that the full accounts audit would be presented at the next Committee in January, before the statutory backstop date, but no significant concerns had been identified yet.

The Auditor explained that Page 13 included a traffic light system, noting that on 'governance' one significant issue had been identified, with a recommendation having been issued to the Council to address this. Two additional recommendations from previous reviews remained partially but not fully implemented. The report itself covered the 2024/25 financial year only, and any actions from after 1 April 2025 would be included in the following year's report. The main concern identified by Bishop Fleming concerned the Council's procurement process as highlighted by the recent Counter-Fraud Enforcement Unit investigation. The Auditor explained that although no funds were lost, the concern arose over senior individuals being involved in the process, potentially indicating issues with internal culture or processes. The Auditor approved of the Council's action plan in response to these concerns and would review the progress of officers and members in the following year.

The Committee queried the subject of witnesses, and whether the Auditor would need to see evidence from the Council over the next financial year to ensure all concerns had been addressed. The Auditor responded that they had found the Council's current action plan acceptable, and would be revisiting it in future to check whether all points had been implemented to satisfaction. On the suggestion of witnesses, evidence, and reviewing internal audit activities, the Auditor clarified that auditors were not investigators in that sense and added that this situation and its fallout in fact suggested that the whistleblowing process worked.

The Committee asked if the Council should anticipate further issues regarding procurement. The Deputy CEO answered that he was confident that the Council's response to this issue had so far been robust, citing the introduction of a dedicated procurement board, officer and member training, and procurement toolkits, all to ensure a similar case would not reoccur, as well as noting that the report highlighted where controls where circumvented and how, and that the action plan now existed to address these weaknesses.

The Committee noted with concern that no further action was taken on individuals relevant to the investigation. The Deputy CEO explained that the officers in question were no longer employed by the Council and that the member was no longer in a senior position. The Committee further queried if the Committee had any blame for the situation as it could have been considered a "failure of governance". The Deputy CEO explained that it was not the role of the Committee to review every single case of, for example, procurement; and that this would not be possible due to the Council's ongoing works and the periodic nature of the Committee's meetings. The Deputy CEO continued that he believed the right considerations for the Committee would be whether they felt they had received sufficient information to be assured that controls were in place. The Chair added that at the following Committee date the CFEU investigations would be revisited and explained that their role as Committee members would be to ensure that the overarching control scheme was in place.

The Committee highlighted the remaining actions listed in the report as incomplete and queried at what point do these become serious issues and on what timeline must they be resolved. The Auditor from Bishop Fleming responded that this depended on the nature and severity of each issue but auditors actively monitored progress and would raise concerns about an outstanding issue that was not being sufficiently actioned.

The Committee observed that there were no changes to the Council's policies regarding accounts requested by the auditors, which members felt indicated effective finance team controls.

RESOLVED: The Committee noted the external auditor's report.

49 Corporate Risk Register

The Deputy Chief Executive Officer introduced the item and noted that at the 27 May 2025 Committee meeting a commitment was made to bring before the Committee a draft risk strategy, of which the Corporate Risk Register was one part. The Deputy CEO explained that the Council's risk appetite was 'cautious', meaning there was a preference for the delivery of safe options with a medium degree of risk versus reward. The Annex included a five-by-five scoring matrix on Page 40:

- Red = significant risk requiring mitigation.
- Amber = emerging or developing risk.
- Green = tolerable/managed risk with known mitigation.

Red risks included Cybersecurity and Health and Safety; Amber risks included financial mitigation and potential civil emergencies.

The Corporate Leadership Team (CLT: Chief Executive, Deputy CEO and Section 151 Officer, Monitoring Officer, Director of Communities & Place) had reviewed the risk register and made the decision to rebuild it from the ground up due their feeling that it did not accurately represent the Council's strategic risks or their mitigation efforts. The new register had removed risks that no longer applied to the Council (for example, issues with Publica) and instead focused on direct impacts such as legal concerns and reputational damage. The Deputy CEO then invited questions from Committee members.

The Chair observed that this risk register did not include mention of procurement processes and the potential for individuals to circumvent established rules, as the Committee had previously discussed. The Deputy CEO clarified that the register had not included anything related to procurement by default, that the officer felt it would have been inappropriate to add it after the fact, and that this would likely have been listed as an 'Amber' concern due to the fact that mitigation was now in place. the CLT would amend the register to include this by the next update in April 2026. The Chair agreed with this suggestion and noted that the Leader of the Council, present as an observer, also agreed.

The Committee queried what measures were in place to mitigate the potential scenario of a failure by one of the Council's contracted partners, considering it a significant risk due to reputational damage and the financial value of certain contracts. The Committee noted that the Council was partially reliant on Dun and Bradstreet (D&B) alerts, which are after-the-fact, and asked if there were more proactive measures also in place. The Deputy CEO assured the Committee that robust, ongoing monitoring was in place for all suppliers, including for example Freedom Leisure and Publica, for any services they provide. D&B alerts were used as an additional indicator for monitoring, not in place of internal controls.

The Committee asked when the last test of the identified top risks such as Cyber and Health and Safety was conducted. The Deputy CEO suggested that the Head of ICT would say that in terms of defending the Council from digital threats, internal systems were tested every day, and that while the officer could confirm that there were specific penetration and additional tests conducted it would have been inappropriate to divulge sensitive details to the Committee in public forum, suggesting that members of the Committee could be provided an exempt report to further detail vulnerability testing. The Chair noted that the Head of ICT was expected to be present at the next meeting of the Committee and could be interrogated on that future date. The officer continued and explained that Health and Safety was identified as a concern after an internal audit report revealed insufficient recordkeeping when tests were conducted. The Head of Community, Property and Assets had committed to addressing this and the CLT was actively monitoring progress.

The Committee commended the efforts made to address cybersecurity risks and raised the increasing relevance of Artificial Intelligence (A.I.) as a possible risk. The Deputy CEO advised that an AI policy was currently under development and would be provided to Cabinet for approval at a later date.

The Committee queried how they were to identify positive or negative developments for the included risks. The Deputy CEO explained that this version, due to the fact that this was a newly prepared risk register, did not have comparisons to previous issuances but future reports would include clear and legible indicators, likely arrows, to more easily show Committee members where progress was being made as well as when the last review of each risk was. The officer continued that some risks would not change significantly for an extended period due to their nature, but they must still be regularly reviewed to ensure the definition was still accurate, mitigations remained appropriate, and outdated references were corrected.

Members noted the value of the summary page in highlighting both existing strategic risks and those not yet captured. The Deputy CEO reported that each service maintains a comprehensive risk register, with processes in place to escalate risks from service level risk registers to the strategic register where appropriate. An example was given in relation to Treasury Management, where staffing issues could lead to escalation and targeted mitigation actions. The Committee discussed the importance of understanding risks that did not yet appear on the strategic register but were captured within service-level registers - it was agreed that visibility of these emerging risks would assist in anticipating issues that may require future escalation.

RESOLVED: The Committee unanimously voted for the quarterly inclusion of the Risk Register at Committee meetings.

50 Audit and Governance Committee Work Plan

The Chair introduced the work plan and noted each report due for upcoming Committee dates, before advising that this was still ongoing work. The Deputy CEO also confirmed that this was the case but noted that all relevant items were anticipated to be completed by the dates listed in this report for inclusion at the relevant committees, and that officers had not anticipated issues but if any were encountered there may be a need for a delegated decision to meet statutory deadlines.

RESOLVED: The Committee noted the Work Plan.

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AUDIT AND GOVERNANCE COMMITTEE WORK PLAN
27 JANUARY 2026 – 9 APRIL 2026

Audit and Governance Committee

The Audit and Governance Committee responsible for monitoring the adequacy and effectiveness of the Council's governance arrangements. This includes overseeing the audit function, annual accounts and the work of the internal auditors, promoting and maintaining high standards of conduct of members and, through its Standards Hearings Sub-Committee, determining complaints that an elected member of the district council or a town or parish council within the district has breached the code of conduct.

The Committee has the following powers under the Council's Constitution:

- The Committee has the right to require the attendance of any Council officers and/or members in order to respond directly to any issue under consideration;
- To review any issues referred to it by the Chief Executive, other statutory officer or any Council body; and
- The power to call expert witnesses from outside the Council to give advice on matters under review or discussion.

This work programme sets out the expected business for meetings of the Audit and Governance Committee.

Item	Meeting Date	Lead Officer
27 January 2026		
CyberSecurity Update	27 Jan 2026	John Chorlton, Chief Technology Officer john.chorlton@publicagroup.uk
Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2026/27	27 Jan 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
Statement of Accounts and Audit Opinion	27 Jan 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Internal Audit Progress Report	27 Jan 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Annual Capital Strategy 2026/27	27 Jan 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
9 April 2026		
CDC Strategic Risk Register	9 Apr 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk

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Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JANUARY 2026**
Subject	**ANNUAL TREASURY MANAGEMENT STRATEGY AND NON TREASURY MANAGEMENT INVESTMENT STRATEGY (DRAFT)**
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance and Transformation Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: david.stanley@Cotswold.gov.uk
Report author	Michelle Burge, Chief Accountant Email: michelle.burge@Cotswold.gov.uk
Summary/Purpose	The Council is required to approve a Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2026/27 prior to 01 April 2026. This report presents the draft Treasury management Strategy Statement (TMSS) for 2026/27 (**Annex A**), draft Non-Treasury Investment Strategy (**Annex B**) and draft Minimum Revenue Provision (MRP) Statement (**Annex C**). These have been prepared in accordance with • The CIPFA Prudential Code (2021) • The CIPFA Treasury Management Code of Practice (2021) • Ministry of Housing, Community and Local Government (MHCLG) revised statutory guidance on Local Government Investments. Together they set out the Council's approach to borrowing, investment, cash flow management and prudent capital financing for the year ahead.
Annexes	**Annex A** - Draft Treasury Management Strategy 2026/27

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	Annex B – Draft Non-Treasury Investment Strategy 2026/27 **Annex C –** Draft Minimum Revenue Provision Statement
Recommendation(s)	That the Committee resolves to: 1. Note the draft Treasury Management and Non-Treasury Investment Strategy for 2026/27 and provides feedback to the Cabinet and Council for consideration as part of the 2026/27 Council's budget setting process.
Corporate priorities	The Council's Capital Strategy underpins all the Council's priorities including 'Delivering Good Services' 'ensuring value for money and good standards' and 'enhance financial resilience and making best use of our assets'.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

COTSWOLD
District Council

1. BACKGROUND

1.1 The Treasury Management and Non-Treasury Investment Strategy outline how the Council will manage its cash flows, investments, and borrowing during 2026/27.

2. TREASURY MANAGEMENT

2.1 Treasury management ensures that:

- The Council has cash available when needed to fund operations; and
- Surplus cash is invested securely and prudently, prioritising security, liquidity, and yield in that order.

2.2 Treasury management also incorporates the financing of the Council's capital programme, including the timing and nature of borrowing.

2.3 Under CIPFA's definition, treasury management covers the Council's:

- Borrowing
- Investments
- Cash flows and banking
- Money market and capital market transactions
- Management of related risks

3. BORROWING POSITION

3.1 The Council does not plan to undertake new external borrowing during 2026/27, but this will be reviewed regularly in light of:

- Capital programme requirements
- The interest rate environment
- Government funding updates

3.2 The 2021 Prudential Code requires Councils to adopt the Liability Benchmark, a key indicator showing the long-term borrowing requirement and informing liquidity and refinancing risk.

4. NON-TREASURY INVESTMENTS

4.1 Non-treasury investments are held primarily for financial return. The strategy:

- Ensures that such investments maintain appropriate security and liquidity
- Requires ongoing monitoring of performance and risk
- Ensures compliance with statutory guidance

5. LEGISLATIVE COMPLIANCE

5.1 **Annxes A – C** meet statutory and regulatory requirements as follows:

- **Annex A** – Treasury Management Strategy
  - Details day-to-day treasury operations
  - Sets treasury prudential indicators
  - Sets the annual borrowing and investment strategies
- **Annex B** – Non-Treasury Investment Strategy
  - Details non-treasury investment decisions and performance monitoring
- **Annex C** – Minimum Revenue Provision Statement
  - Sets out the method for charging revenue to pay for capital expenditure financed by borrowing, in line with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

6. ALTERNATIVE OPTIONS

6.1 None. The Council is required to approve these strategies each year.

7. FINANCIAL IMPLICATIONS

7.1 Financial implications are embedded throughout the strategies and reflect the Council's capital, financing, borrowing and investment plans for 2026/27.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising from this report. The strategies fulfil the Council's statutory responsibilities.

9. RISK ASSESSMENT

9.1 The strategies incorporate an assessment of key risks, including:

- Interest rate risk
- Counterparty and credit risk

- Liquidity and refinancing risk
- Risks associated with commercial (non-treasury) investments

Mitigations and controls are embedded within the TMSS and related indicators.

10. EQUALITIES IMPACT

10.1 None directly arising from this report.

11. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

11.1 None directly arising from this report.

12. BACKGROUND PAPERS

12.1 None.

(END)

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ANNEX A
ANNUAL TREASURY MANAGEMENT STRATEGY 2026/27

DRAFT ANNUAL TREASURY INVESTEMENT STRATEGY 2026/27

1. INTRODUCTION

1.1 This report sets out the Treasury Management Strategy and policy for 2026/27. It includes: the interest rate outlook, the Council's treasury management arrangements for the year and the overall framework and risk management controls which are used in carrying out the Council's borrowing, lending and other treasury activities.

1.2 The Council's treasury management objectives and activities are defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:

"The management of the Council's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.3 Effective treasury management will provide support towards the achievement of the Council's business and service objectives. The Council is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.4 This Treasury Strategy forms part of the overall Corporate Planning Framework which complies with the statutory requirement to have regard to the following Codes and Guidance:

- CIPFA's Code of Practice for Treasury Management in the Public Services (revised December 2017 and 2021 code)
- CIPFA's Prudential Code for Local Council Capital Finance (revised December 2017 and 2021 code)
- The Government Guidance on Local Council Investments

1.5 It provides a mechanism by which treasury management decisions can be aligned with the overarching corporate priorities and objectives over the medium term.

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ANNEX A
ANNUAL TREASURY MANAGEMENT STRATEGY 2026/27

1.6 The impact on the UK from the government's Autumn budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Council's treasury management strategy for 2026/27.

1.7 A detailed assessment of the current economic background and the forecast impact on credit and interest rates has been provided by the Council's Treasury Management advisors, Arlingclose. This is included as **Appendix 1** to this Strategy.

2. PURPOSE OF TREASURY MANAGEMENT

2.1 The 2026/27 Treasury Management Strategy has been developed with the following key aims:

- To outline how the Council will manage and invest its money to ensure it will have the financial resources to support the key priorities outlined in its Corporate Strategy.
- To set out key principles on which borrowing and investment decisions are made, including how security and risk are assessed.
- To present the arrangements for managing and monitoring treasury management decisions, including assessment of outcomes and the alignment to the Corporate Strategy.

3. TREASURY MANAGEMENT STRATEGY

3.1 The Council's objectives in relation to debt and investment can be stated as follows:

"To assist the achievement of the Council's service objectives by obtaining funding and managing the Council's debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of interest cost stability and a very low risk to sums invested."

3.2 The successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of the Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

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

3.4 Therefore, for the Council, the achievement of high returns from treasury activities is of secondary importance compared with the need to limit the exposure of public funds to the risk of loss.

3.5 It is not possible to avoid all treasury risks, and a balance has to be struck. The main treasury risks which the Council is exposed to include:

- Interest rate risk - the risk that future borrowing costs rise.
- Credit risk - the risk of default in a Council investment.
- Liquidity and refinancing risks - the risk that the Council cannot obtain funds when needed.

3.6 The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CCI) which targeted a £0.500m fundraise closed on the 16 August 2022, fully funded by over 450 investors. As of 1 January 2026, the Council therefore holds a £0.209m loan administered through Abundance Investments Limited for the purpose of Community Municipal Investments at a rate of 2.2% (including management fees). The Cotswold Climate Investment will support a range of projects, including installing publicly available off-street electric vehicle charging points (EVCPs) around the district to encourage electric vehicle take-up, and improving the energy and carbon performance of the Council's Cirencester offices.

3.7 Although no further borrowing is planned, if the Council undertakes further borrowing it will be important for the Council to manage its interest rate exposure due to the risk that changes in the level of interest rates leads to an unexpected burden on the Council's finances. The stability of the Council's interest costs will be affected by the level of borrowing exposed to short term or variable interest rates. Short term interest rates are typically lower, so there can be a trade-off between achieving the lowest rates in the short term and in the long term, and between short term savings and long-term budget stability.

3.8 As a result, the approach to risk must be implemented flexibly in the light of changing market circumstances.

4. WHY AND HOW WE INVEST OUR MONEY

4.1 The revised CIPFA Prudential and Treasury Codes recommend that councils' capital strategies should include a policy and risk management framework for all investments. The Codes identify three types of local Council investment:

- Treasury management investments, which are taken to manage cash flows and as part of the Council's debt and financing activity.
- Commercial investments (including investment properties), which are taken mainly to earn a positive net financial return.
- Service investments, which are taken mainly to support service outcomes.

4.2 The Council's Investment Strategy outlines the principles and arrangements in place for the second two categories of investment. The Treasury Management Strategy focuses on the first category. The following paragraphs set out the Council's policy for these 'treasury management' investments.

4.3 The Council holds significant 'treasury management' funds representing income received in advance of expenditure and reserves held. In the past 12 months, the Council's investment balance has ranged from £20m to £46m due to timing differences between income and expenditure. The average forecast investment balance for 2026/27 is estimated to be around £25.5m.

4.4 On the 31st December 2025, the Council held £41.1m of treasury investments which are outlined in Table 1.

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ANNEX A
ANNUAL TREASURY MANAGEMENT STRATEGY 2026/27

Table 1 – Treasury investments as of 31 December 2025

Treasury Investments	31st December Actual Portfolio £m	31st December Average Rate £%
Money Market Funds/Call Accounts and other pooled funds	9.0	3.90
Banks	3.0	3.83
Short Term Investments – Bank of England DMADF	17.2	3.79
CCLA Property Investment Management	2.2	3.97
CCLA Diversified Income	0.9	2.63
Schroders Unit Trusts Ltd	1.0	3.95
M&G Securities Ltd	2.0	3.36
Ninety One (formerly Investec)	1.9	4.28
Columbia Threadneedle Fund	2.0	4.64
Federated Cash Plus Fund	1.2	N/A
Fundamentum Housing REIT	0.7	3.00
Total treasury investments	**41.1**	**3.87**

4.5 Forecast investments over the next three financial years are shown in Table 2.

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
Short term holdings					
Call Accounts	0.054	0.000	0.000	0.000	0.000
MMFs	8.193	8.000	2.700	0.000	1.000
Short Term Deposits	2.587	3.000	1.000	0.100	
Current Account	0.671	0.500	0.100	0.000	0.100
Total Short term	**11.505**	**11.500**	**3.800**	**0.100**	**1.100**
Longer term holdings					
Pooled Funds	10.500	10.500	10.500	8.000	8.000
REIT	1.000	1.000	1.000	1.000	1.000
Cash + Fund	1.000	1.200	1.250	1.300	1.350
Total Longer term	**12.500**	**12.700**	**12.750**	**10.300**	**10.350**
TOTAL INVESTMENTS	**24.005**	**24.200**	**16.550**	**10.400**	**11.450**

4.6 The Council's policy on treasury investments, in line with the CIPFA code, is to prioritise security and liquidity over yield. This focuses on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely to minimise risk of loss. Money held for the longer term is invested more widely, including bonds, shares and property to balance the risk of loss against the risk of receiving returns below inflation. Both short term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which investments to buy. The Council is also able to request the return of its funding at short notice with these pooled funds. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing inflation rate, in order to maintain the spending power of the sum invested.

4.7 The Bank of England (BoE) has remained cautious in lowering the base rate in 2025/26, reducing in 3 increments from 4.50% in April to 3.75% in December. The Bank is signalling that one more cut will likely occur before the end of 2025/26 and then the market is anticipating one more cut to 3.25% in 2026/27 where it expects the rate to hold, depending on inflation concerns.

4.8 Under Financial Reporting Standards (IFRS 9), the accounting for certain investments depends on the Council's business model for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

4.9 The Council will continue to make deposits only with institutions having high credit quality as set out in the Approved Investment Counterparties and Limits, Table 3 below. These limits have been set by the Council in consultation with Arlingclose, the Council's Treasury advisors. Further explanation of each of the categories in Table 3 are included as Appendix 2

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Table 3 – Approved Investment Counterparties and Limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£3m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£2m	£10m
Registered providers (unsecured) *	5 years	£5m	£10m
Money market funds *	n/a	£3m	Unlimited
Strategic pooled funds	n/a	£4m	£20m
Real estate investment trusts	n/a	£3m	£20m
Other investments *	5 years	£1m-£3m	£10m

**Investments in these sectors will only be made with entities whole lowest published long-term credit rating is no lower than A-*

4.10 Treasury investments will only be made with entities whose lowest published long term credit rating is no lower than an A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely on credit ratings, and all other relevant factors including external advice will be taken into account.

4.11 Money may be lent to the Council's own banker (Lloyds Banking Group), in accordance with the above lending limits. However, if Lloyds Bank does not meet the above criteria, money may only be lent overnight (or over the weekend), and these balances will be minimised.

4.12 Credit rating methodologies and credit limit requirements may change as the circumstances demand: in this event the Deputy Chief Executive Officer may determine revised and practicable criteria seeking similarly high credit quality, pending the next annual review of this treasury management policy.

4.13 Temporarily surplus cash will be invested having regard to the period of time for which the cash is expected to be surplus. The CIPFA Prudential Code envisages that authorities will not borrow more than three years in advance, so it is unlikely that the Council will plan to have surplus cash for longer than three years. However, where surplus cash for over 12 months is envisaged, it may be appropriate to include some longer term (non-specified) investments within a balanced risk portfolio.

4.14 In making investments in accordance with the criteria set out in this section, the Deputy Chief Executive Officer will seek to spread risk (for example, across different types of investment and to avoid concentration on lower credit quality). This may result in lower interest earnings, as safer investments will usually earn less than riskier ones.

4.15 The Council does not currently use investment managers (other than through the use of pooled investment vehicles such as Money Market Funds). However, if investment managers are appointed, their lending of Council funds would not be subject to the above restrictions, provided that their arrangements for assessing credit quality and exposure limits have been agreed by the Deputy Chief Executive Officer.

4.16 The Council seeks to be a responsible investor. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore this policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

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5. HOW WE BORROW MONEY

5.1 As outlined in paragraph 3.6 at 1st January 2026, the Council holds a £0.209m loan administered through Abundance Investments Limited for the purpose of Community Municipal Investments. There are plans to borrow in the future to fund the Capital Programme. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The net borrowing can be reduced from this total through the use of reserves and working capital.

5.2 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the following three years. **Table 4** shows that the Council expects to comply with this recommendation during 2026/27.

5.3 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing, see **Table 4a**. This assumes that cash and investment balances are kept to a minimum level of £10m at year end to maintain sufficient liquidity but minimise credit risk.

5.4 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

5.5 The total forecast net borrowing against the CFR and liability benchmark is set out in the Table 4 and Table 4a below for the period of the Medium-Term Financial Strategy.

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Table 4 – Forecast Borrowing Requirement £m.

	Actual 31/03/2025 £m	Forecast 31/03/2026 £m	Forecast 31/03/2027 £m	Forecast 31/03/2028 £m	Forecast 31/03/2029 £m
CFR	0.36	0.46	0.43	0.40	0.36
Less Outstanding External Borrowing	-0.26	0.16	0.05	0.00	0.00
Internal Borrowing	**0.10**	**0.62**	**0.48**	**0.40**	**0.36**
Usable reserves	-22.62	-22.69	-14.92	-8.96	-9.98
Working capital	0.23	-1.50	-1.50	-1.50	-1.50
Investments	**-22.30**	**-23.57**	**-15.94**	**-10.07**	**-11.12**

Table 4a – Prudential Indicator: Liability Benchmark £m.

	31.3.25 Actual	31.3.26 Estimate	31.3.27 Forecast	31.3.28 Forecast	31.3.29 Forecast
	£m	£m	£m	£m	£m
CFR	0.36	0.46	0.43	0.40	0.36
Less Balance Sheet Resources	-22.23	-24.19	-16.42	-10.46	-11.48
Net Loans Requirement	**-21.87**	**-23.73**	**-15.99**	**-10.07**	**-11.12**
Plus Liquidity Allowance	13.00	10.00	10.00	10.00	10.00
Liability Benchmark	**-8.87**	**-13.73**	**-5.99**	**-0.07**	**-1.12**

5.6 The liability benchmark is currently –£9 million, reflecting the fact that the Council has no requirement for external borrowing and that its available cash balances are fully invested in accordance with the Treasury Management Strategy. Over the next two years, the liability benchmark is forecast to move to –£0.07 million, driven by the planned application of capital receipts and earmarked reserves to finance the Capital Programme. Despite this reduction in cash-backed resources, there remains no requirement to undertake external borrowing over the period.

Borrowing Strategy

5.7 The Council does not anticipate the need for any new prudential borrowing over the Medium-Term Financial Strategy period, as the approved capital programme is fully funded from existing resources including capital receipts, capital grants, revenue contributions, and earmarked reserves.

5.8 In the absence of any planned external borrowing, the Council's borrowing strategy focuses on maintaining a low-risk treasury position. The priority is to avoid unnecessary exposure to external interest rate volatility while ensuring sufficient liquidity to deliver the capital programme and meet operational requirements.

5.9 Affordability and long-term financial sustainability remain key considerations. Funding the capital programme through internal resources significantly reduces treasury risk and avoids the costs associated with external borrowing. The Council will continue to monitor economic conditions and assess whether future borrowing may become necessary in response to emerging pressures or revisions to the capital programme.

5.10 Using internal resources avoids borrowing costs and supports a prudent, risk-averse approach to treasury management. However, the Council will keep under review the relative merits of external borrowing in the event that long-term interest rates or capital requirements change materially.

5.11 Short-term borrowing may still be utilised when required to manage temporary cash-flow variations, but no long-term borrowing is planned during the forthcoming period

Sources of Borrowing

5.12 The main source of long term borrowing for local authorities historically has been the Public Works Loans Board (PWLB). The Council remains eligible to access PWLB borrowing and recognises PWLB as its preferred source should external borrowing become necessary in the future due to its competitive rates and operational simplicity. No PWLB borrowing is planned at this time, as the capital programme does not require it.

5.13 **The National Wealth Fund Ltd (formerly UK Infastructure Bank Ltd).** Borrowing from the National Wealth Fund is not currently anticipated. Should this option need to be explored in future, any proposals would be brought to Cabinet and Full Council for approval.

5.14 **LOBOs:** The Council currently does not hold any LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The Council does not hold any LOBO loans and has no plans to enter into such arrangements.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators. Short-term or variable-rate borrowing will only be used to cover short-term cash-flow requirements. No use of such borrowing is planned for capital financing purposes.

5.15 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5.16 Local Climate Bonds /Community Municipal Investments are a form of debt/loan-based crowdfunding. Community Bonds are issued by a council corporate body, with residents and general public investors providing capital on the basis of receiving a financial return. The majority of community bonds are typically linked in some form to environmental or social criteria and provide tangible benefit to the local community beyond just financial. Details of the Council's Community Municipal Investment are outlined in paragraph 3.6. The Council may continue to use Community Municipal Investments where appropriate. These instruments provide opportunities for residents and investors to support environmentally or socially beneficial projects. Their use is unaffected by the decision not to undertake prudential borrowing.

5.17 The Council will continue to monitor market developments and retain flexibility to adopt alternative sources of funding should the need arise. These options may include listed or private placements, bilateral loans, inter-authority borrowing, or sale-and-leaseback arrangements, provided they offer good value and align with the Council's strategic objectives.

5.18 The Treasury Management Prudential Limits and Indicators consistent with the above strategy are set out in Section 7.

5.19 The Treasury Management Strategy must be flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Deputy Chief Executive Officer in accordance with treasury management delegations.

6. MONITORING TREASURY MANAGEMENT INVESTMENTS

6.1 The CIPFA guidance for Treasury Management in the Public Services (2021 edition), requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA code.

6.2 The guidance also requires the Council to produce reports on its treasury and investment management policies, practices, and activities, as a minimum with quarterly and mid-term review and an annual report after year end closure.

6.3 The Council delegates responsibility for the implementation and regular monitoring of its treasury management practices to Cabinet and for the execution and administration of treasury management decisions to the Deputy Chief Executive Officer, who will act in accordance with this strategy. The Audit and Governance Committee will be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

6.4 Credit ratings are monitored on a real-time basis as provided via Arlingclose, and the Council's lending list is updated accordingly, when a rating changes. Other information is taken into account when deciding whether to lend. This may include the ratings of other rating agencies; commentary in the financial press; analysis of country, sector and group exposures; and the portfolio make up of Money Market Funds. The use of particular permitted counterparties may be restricted if this is considered appropriate.

6.5 Where deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt management Office or invested in government treasury bills or other local authorities, as decided by the Deputy Chief Executive Officer.

6.6 In order to monitor this, the Council has set cash limits on the credit quality of the investments and their limits as can be seen in Table 3, section 4.9 above.

6.7 The Council's revenue reserves available to cover investment losses are forecast to be £6.7m on 31 March 2026. In order to ensure that no more than a maximum of available reserves of 25% are therefore put at risk in the case of single default (other than the UK Government), the total lending limit will be £3m. A group of banks under the same ownership will be treated as a single organisation. Limits are also placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as in Table 5 below. Investments in pooled funds and multilateral development banks do not count against the limit for a single foreign currency, as the risk is spread over many countries.

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Table 5 – Cash Limit by Organisation

Table 5 – Cash Limits	Cash limit
Any single organisation, except the UK Central Government	£3m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£3m per group
Any group of pooled funds under the same management	£4m per fund manager
Foreign countries	£3m per country
Registered providers	£3m in total
Real estate investment trusts	£3m per REIT
Unsecured investments with building societies	£2m in total per BS
Money Market Funds	£20m in total

6.8 The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long term investments are set by reference to the Council's MTFS and cash flow forecast.

6.9 The Treasury Management team has suitably qualified and trained staff to actively manage treasury risks within this Policy framework. Officers regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. However, staff resources are limited, and this may constrain the Council's ability to respond to market opportunities or take advantage of more highly structured financing arrangements. External advice and support may also be required. The following activities may for example require external advice and support based on an assessment at the time, to the extent that skills and resources are available:

- the refinancing of existing debt
- forward-starting loans
- leasing and hire purchase.
- use of innovative or more complex sources of funding such as green bond issues, private placements and sale and leaseback structures
- investing surplus cash in institutions or funds with a high level of creditworthiness, rather than placing all deposits with the Government

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6.10 The Council appointed Arlingclose Limited to provide treasury management advice to the Council, including the provision of credit rating and other investment information. Advisors are a useful support in view of the size of the Council's transactions and the pressures on staff time. The contract with Arlingclose was renewed at 1st March 2023 and is due to end in February 2026.

6.11 Government investment guidance expects local authorities to have a policy for borrowing in advance of need, in part because of the credit risk of investing the surplus cash. The Council's policy is to borrow to meet its forecast Net Loan Debt, including an allowance (currently of £10m) for liquidity risks. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the forecast capital programme or to meet other expected cash flows.

7. TREASURY MANAGEMENT PRUDENTIAL INDICATORS

7.1 The Council is required under the Local Government Act 2003 and the CIPFA Treasury Management Code to set Prudential Indicators for treasury management to measure and manage its exposure to treasury management risk using the following indicators:

7.2 **Security** – The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value weighted average of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA=2 etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit	A-

7.3 **Interest Rate exposures –** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one year impact of a 1% rise or fall in interest rates will be:

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Interest rate risk indicator	Target
Upper limit on one year revenue impact of a 1% rise in interest rates	-£0.23
Upper limit on one year revenue impact of a 1% fall in interest rates	£0.23m

7.4 Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

7.5 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and within 30 years	100%	0%
30 years and above	100%	0%

7.6 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

7.7 Long term treasury management investments – The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long term principal sum invested to final maturities for longer than a year will be:

Price Risk Indicator	2026/27	2027/28	2028/29
Limit on principal invested for longer than a year	£13m	£13m	£13m
Amounts invested in longer term investments with no fixed maturity date	£13m	£13m	£13m

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8. TREASURY MANAGEMENT REVENUE BUDGET

8.1 The budget for investment income in 2026/27 is £1.005m, based on an average investment portfolio of £25.5m at an interest rate of 3.76%.

8.2 The Council aims to maintain its portfolio of long term investments in strategic funds at £12.5m. This is forecast to return £0.505m.

8.3 Investments in liquid assets such as bank deposits and money market funds are expected to return 3.25% and generate a yield of £0.500m.

8.4 This estimate reflects a prudent view of investment income. Actual interest income will be affected not only by future interest rates, but also by the Council's cash flows and the level of its revenue reserves and provisions.

9. OTHER

9.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

9.2 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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9.3 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

9.4 MiFFID 2 is a legislative framework instituted by the European Union to regulate the financial markets and improve protections for investors. This Council has elected for Professional Client Status which means that to be able to invest in certain investments, it must hold a minimum of £10m in investments. If this falls below the minimum level, then access to certain financial market instruments could be made unavailable to this Council.

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Appendix 1

Arlingclose Economic and Interest Rate Forecast (January 2026)

Underlying assumptions:

- The Bank of England duly delivered on expectations for a December rate cut, but, despite softer economic data over the past two weeks, the minutes highlighted increased caution surrounding both the inflation outlook and the speed of future easing. With a close vote of 5-4 in favour of a rate reduction, this suggests that the bar for further monetary easing may be higher than previously thought despite the possibility of the CPI rate falling to target in 2026.
- Budget policies and base effects will mechanically reduce the CPI rate in 2026, on top of the downward pressure arising from soft economic growth and the looser labour market. However, many policymakers appear concerned that household and business inflation and pricing expectations are proving sticky following recent bouts of high price and wage growth, which may allow underlying inflationary pressure to remain elevated. While, the Bank's measure of household expectations ticked lower in December, it remains above levels consistent with the 2% target at 3.5%.
- While policymakers hold valid concerns, these appear somewhat out of line with current conditions; CPI inflation fell to 3.2% in November, private sector wage growth continued to ease amid the highest unemployment rate since the pandemic, and the economy contracted in October after barely growing in Q3. Business surveys pointed to marginally stronger activity and pricing intentions in December but also suggested that the pre-Budget malaise was not temporary. These data are the latest in a trend suggesting challenging economic conditions are feeding into price and wage setting.
- Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.

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- Investors appear to have given the UK government some breathing space following the Budget, with long-term yields continuing to trade at slightly lower levels than in late summer/early autumn. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

Forecast:

- In line with our long-held forecast, Bank Rate was cut to 3.75% in December.
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will continue to be loosened.
- Arlingclose expects Bank Rate to be cut to 3.25% by middle of 2026. However, near-term upside risks to the forecast have increased.
- Medium and long-term gilt yields continue to incorporate premia for UK government credibility, global uncertainty and significant issuance. These issues may not be resolved quickly and we expect yields to remain higher

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	**3.75**	**3.50**	**3.25**	**3.25**	**3.25**	**3.25**	**3.25**	**3.25**	**3.25**	**3.25**	**3.25**	**3.25**	**3.25**
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	**3.82**	**3.55**	**3.30**	**3.30**	**3.30**	**3.30**	**3.30**	**3.30**	**3.30**	**3.30**	**3.35**	**3.35**	**3.35**
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	**3.96**	**3.85**	**3.80**	**3.75**	**3.75**	**3.75**	**3.75**	**3.75**	**3.75**	**3.75**	**3.80**	**3.80**	**3.80**
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
10yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	**4.52**	**4.40**	**4.35**	**4.30**	**4.30**	**4.30**	**4.30**	**4.30**	**4.30**	**4.30**	**4.35**	**4.35**	**4.35**
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
20yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	**5.16**	**5.00**	**4.95**	**4.90**	**4.90**	**4.90**	**4.90**	**4.90**	**4.90**	**4.90**	**4.95**	**4.95**	**4.95**
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
50yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	**4.74**	**4.65**	**4.60**	**4.60**	**4.60**	**4.60**	**4.60**	**4.60**	**4.60**	**4.60**	**4.65**	**4.65**	**4.65**
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

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PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

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Appendix 2

Criteria Definitions

UK Government: Sterling-denominated investments with or explicitly guaranteed by by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to zero credit risk due to Government's ability to create additional currently and therefore may be made in unlimited amounts for up to 50 years.

Local authorities and other government entities: Loans to, and bonds and bills issued or guaranteed by other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail in, and there is generally a lower risk of insolvency, although thy are not zero risk.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

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Appendix 2

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds, including exchange traded funds, which offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date but can be either withdrawn after a notice period or sold on an exchange, are available for withdrawal after a notice period or sold on an exchange, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational bank accounts: The Council banks with Lloyds (Lloyds Banking Group). On adoption of this strategy, it will meet the minimum credit criteria of A- (or equivalent) long term. It is the Council's intention that even is the credit rating of Lloyds Bank falls below the minimum criteria A- the bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.

Policy Investments: The Council will provide cash flow for third party organisations linked to the Council. The following limit is set for 2026/27

- Publica Group - £0.5m up to one year duration

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- Ubico - £0.5m up to one year duration

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ANNEX B
ANNUAL NON-TREASURY MANAGEMENT INVESTMENT STRATEGY 2026/27

NON-TREASURY MANAGEMENT INVESTMENT STRATEGY 2026/27

1. INTRODUCTION

1.1 The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

1.2 This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

1.3 The statutory guidance defines investments as "of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios". The Authority interprets this to exclude (a) trade receivables that meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b)property held partially to generate a profit but primarily for the provision of local public services.

2. TREASURY MANAGEMENT INVESTMENTS

2.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and as a Council Tax 'billing authority' it collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and

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Accountancy. The balance of treasury management investments is expected to fluctuate between £35m and £20.6m during the 2026/27 financial year.

2.2 **Contribution**: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

2.3 **Further details**: Full details of the Authority's policies and its plan for 2026/27 for Treasury Management investments are covered in the Treasury Management Strategy.

3. SERVICE INVESTMENTS: LOANS

3.1 **Contribution:** The Council lends money to local charities, housing associations and local residents to support local public services, stimulate local economic growth and support Council priorities of providing socially rented housing and promoting carbon neutral development and infrastructure. Loans to residents will be in line with Council approved policies such as its Starter Homes Initiative. As at 31st December 2025 the Council holds a unsecured loan balance of £1.977m and has committed to convert this to a secured loan of £1.897m, repayable over a 50 year term, to a local Housing Association. This arrangement supports the Council's strategic priorities by enabling the delivery of socially rented housing and promoting carbon neutral development and infrastructure.

3.2 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

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Table 1: Loans for service purposes in £

Category of borrower	31.3.2025 actual			2025/26
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Local charities	296,436	0	296,436	450,000
Housing associations	1,961,125	0	1,961,125	2,000,000
Loans to Ubico (£500,000) or Publica £500,000)	0	0	0	1,000,000
Local residents (equity loans)	63,936	0	63,936	130,000
TOTAL	2,321,496	0	2,321,496	3,580,000

3.3 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The loans the Council has made are limited to specific service areas and the likelihood of non-payment is considered minimal. There is no history of non-payment and no evidence to suggest that there will be any default against loans granted. As a result, no allowance for loss has been included against the loan balances. Should any indication be given that there is a risk of default, then the risk will be assessed and a provision established at that time. Should a loan default, the Authority will make every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

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3.4 In addition to the loans granted, the Council has included provision in its Treasury Management Strategy to loan up to £0.500m to both Ubico and Publica Group (Support) Limited, should either company require support. The Council is a shareholder in Ubico and a shared owner in Publica. In both cases, the loan facility is to enable the Council to provide a loan for short-term cash flow purposes. No loans are currently in place.

3.5 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans by undertaking credit checks and ensuring the appropriate legal documentation is in place to secure the Council's money.

4. SERVICE INVESTMENTS: SHARES

4.1 **Contribution**: The Council has a £1 shareholding in Ubico Ltd. Ubico Ltd is an environmental services company which provides household and commercial refuse collection, recycling, street cleansing, grounds maintenance and fleet maintenance services to the Council. Ubico is wholly owned by eight local authorities and operates as a not-for-profit enterprise.

4.2 **Security**: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. The Council's investment is fixed at £1.

Table 2: Shares held for service purposes in £

	31.3.2025 actual			2026/27
Category of Company	**Amounts invested**	**Gains or losses**	**Value in accounts**	**Approved Limit**
Local Authority owned company	1	-	1	1
TOTAL	**1**	**0**	**1**	**1**

4.3 **Risk assessment**: the Council has not invested in Ubico to generate a financial return. The Council has invested to support service delivery. Ubico is a cost-sharing company, any surplus generated within Ubico is returned to the partner Councils as shareholders.

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Similarly, any deficit as to be met by the Councils. Through regular budget monitoring and transparency around contract sums and performance and regulator communication, the risk of any financial loss is mitigated.

4.4 Liquidity: The Council has invested purely to facilitate service provision rather than a financial return. The Council has no intention to dispose of its investment in the foreseeable future.

4.5 Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. COMMERCIAL INVESTMENTS: PROPERTY

5.1 Contribution: The Council invests in a number of commercial properties within the Cotswold District and three significant assets outside of the district. The properties acquired outside of the district were acquired with the intention of generating income to support the revenue budget and were funded from the Council's capital receipts and therefore did not require the Council to undertake any borrowing.

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Table 3: Property held for investment purposes in £

Property Type	01-Apr 2024	31.3.2025 actual		31.3.2026 expected	
	Value in accounts	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Investment Property within Cotswold District	1,355,000	-290,000	1,065,000	0	1,065,000
Investment Property inside of Cotswold District: 27A Dyer Street	1,410,000	10,000	1,420,000	0	1,420,000
Investment Property outside of Cotswold District: Superdrug, Worcester	510,000	-165,000	345,000	0	345,000
Investment Property outside of Cotswold District: Tesco, Seaford	1,100,000	-275,000	825,000	0	825,000
Investment Property outside of Cotswold District: West Bromwich (Warley)	500,000	50,000	550,000	0	550,000
TOTAL	**4,875,000**	**-670,000**	**4,205,000**	**0**	**4,205,000**

5.2 **Security:** A fair value assessment of the Council's investment property portfolio is undertaken each year as part of the final accounts process. Investment property is valued at market value. Property values fell during 2024/25 reflecting the valuer's assumption of the reductions in rental income expected in 2025/26 and potential void periods. The fair value of the Council's investment property portfolio is included in the Statement of Accounts; based upon 'market value'.

5.3 Table 3 shows fair value gains and losses in 2024/25 which are a direct result of the valuation undertaken as at 31st March 2025. The losses will not be recognised unless the Council decides to dispose of the properties owned. The Council maintains sufficient liquidity so that there is no requirement to sell any of the investment properties. Over time, it is expected that the market value of investment properties will vary. Assets are considered sound with strong covenants and dependable income streams.

5.4 The proportion of the Council's Investment Property portfolio which is outside of the District, is held primarily to generate a stable income stream to support the revenue budget.

5.5 Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments by purchasing property with secure tenants on long leases and through:

- assessment of relevant market sector(s) including the level of competition, barriers to entry/exit, future market prospects
- assessment of exposure to particular market segments to ensure adequate diversification
- use of external advisors if considered appropriate by the S151 Officer
- full and comprehensive report on any new investments to Cabinet/Council
- continual monitoring of risk across the whole portfolio and specific assets

5.6 **Liquidity**: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority sets out in its Treasury Management Strategy provision of liquid investments should the Council need cash.

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It is not anticipated that the Council would need to sell any Investment Property at short notice.

6. LOAN COMMITMENTS AND FINANCIAL GUARANTEES

6.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

6.2 The Council is a shareholder of Ubico Ltd, owning one eighth of the company and is a joint partner in Publica Group (Support) Ltd, owning one quarter of the company. In both cases, should the company overspend, the Council be liable for its share of the additional costs. In both companies, sound financial management and budgetary control mitigate the risk that additional sums will be required without adequate notice.

6.3 In July 2022, Cotswold District Council entered into an agreement with Cottsway 2 Housing Association, to provide an unsecured development loan of up to £3.753m in increments upon drawdown requests. The first request was received in June 2023 and the balance outstanding as at the 31st December 2025 is £1.977m. During the final quarter of the 2025/26 financial year, the loan will be converted into a secured loan with a 50-year term. The interest rate applicable to the secured element of the loan, originally set at 3.25% as outlined in the Council report dated July 2022, was increased to a minimum rate of 4.00% following a formal variation to the agreement executed on 31 December 2025.

PROPORTIONALITY

6.4 The Authority is dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. Should it fail to achieve the expected net profit, the Council has earmarked reserves available to cover any immediate

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shortfall in income or will be required to generate savings elsewhere within the budget to continue to provide its services. The Council's Head of Strategic Housing, Property and Assets responsible for the Council's property and estates function would review the cause of any shortfall and identify any actions needed to ensure the income shortfall is mitigated or remedied.

6.5 With the introduction of the revised PWLB lending terms, the Council has no intention of purchasing investment assets primarily for yield. With no further expenditure planned on investment assets primarily for yield the proportion of investment to gross service expenditure will fluctuate as a result of changes in investment income from existing holdings and changes in gross service expenditure.

Table 4: Proportionality of Investments (£)

	2024/2025 Actual	**2025/26 Forecast**	**2026/27 Budget**	**2027/28 Budget**	**2028/29 Budget**
Treasury Investment income	-1,611,514	-1,484,000	-1,005,000	-700,000	-500,000
Loans income	-8,824	-151,680	-69,036	-67,715	-66,350
Share dividend	0	0	**0**	0	0
Investment Property income	-380,075	-332,203	-427,622	-436,174	-444,898
Investment income	**-2,000,413**	**-1,967,883**	**-1,501,658**	**-1,203,890**	**-1,011,248**
Gross service expenditure	32,436,810	29,688,148	37,950,725	36,536,004	36,267,416
Proportion	6.17%	6.63%	3.96%	3.30%	2.79%

7. BORROWING IN ADVANCE OF NEED

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7.1 Government guidance is that local authorities must not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. The Council will need to borrow in future years to fund new capital expenditure. Any funds borrowed will be in relation to specific schemes and based upon the cash required for the chosen schemes.

7.2 The Council may, in supporting the delivery of the Council's Capital Programme, borrow in advance of need where it is expected to demonstrate the best longer-term value for money position. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that the value for money can be demonstrated (i.e., the cost of holding does not outweigh the benefits of early borrowing) and that the Council can ensure the security of such funds.

7.3 The Council is aware that it will be exposed to the risk of loss of the borrowed sums, and potential interest rate changes. These risks will be managed as part of the Council's overall management of its treasury risks and will be reported through the standard reporting method.

8. CAPACITY, SKILLS AND CULTURE

<u>Elected members and statutory officers:</u>

8.1 The Council recognises that those elected Members and statutory officers involved in the investment decision process must have appropriate capacity, skills and information to enable them to:

- make informed decisions as to whether to enter a specific investment;
- to assess individual assessments in the context of the strategic objectives and risk profile of the Council; and
- to enable them to understand how new decisions have changed the overall risk exposure of the Council.

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8.2 The Council employs professionally qualified and experienced staff in senior positions with responsibility for advising Council on capital expenditure, borrowing and investment decisions. For example, the Chief Finance Officer is a qualified accountant with over 25 years' experience of working in local government finance. The Council pays for junior staff to study toward relevant professional qualifications, including Chartered Institute of Public Finance and Accountancy (CIPFA) and Association of Accounting Technicians (AAT).

8.3 Where Council staff do not have the knowledge and skills required, external advisers and consultants are engaged that are specialists in their field. The Council employs Arlingclose Limited as treasury management advisers. The Council employs other specialist advisers to advise upon specific, extraordinary transactions as required. Examples of such transactions include property acquisitions, and loans to third parties. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite or while Council staff develop those skills.

8.4 The Council will also consider whether relevant Members of Cabinet have appropriate skills, providing training where there is a skills gap.

8.5 The Council has experience of investing in commercial property in recent years. Since July 2025, the property service has been delivered in-house, supported by a dedicated team of property officers. The team brings a strong mix of professional expertise and qualifications, including:

- BSc Hons Real Estate Management
- BSc Hons Quantity Surveying
- HND Building Studies
- Member Royal Institute Chartered Surveyors
- Royal Institute Chartered Surveyors Registered Valuer
- P403 Surveying and Sampling Strategies for Asbestos in Buildings

- Carbon Literacy Certified

8.6 The Council's legal team have experience of carrying out due diligence checks, particularly for commercial property acquisitions, and the legal officers have the following qualifications:

- Fellows of the Chartered Institute of Legal Executives (CiLEX);
- Paralegal;
- Solicitors;
- Non practicing Barrister.

8.7 The Property and Legal Teams work together with the Finance team to support the Council's Chief Finance Officer in developing investment proposals for the Council. External specialist advice is obtained when required to support these teams.

8.8 The Council has previously invested in a range of commercial properties which are delivering a sustainable revenue stream to the Council.

8.9 **Commercial deals**: The Council's Chief Finance Officer, Deputy Chief Finance Officer are all aware of the core principles of the Prudential Framework and of the regulatory regime within which local authorities operate.

8.10 Officers would work with a team of specialist officers to prepare business cases for any commercial deals for consideration by Members. It is the responsibility of the finance team to ensure that the implications of the Prudential Framework and the regulatory regime are considered as business cases are developed.

8.11 The Cabinet and Council also includes elected Members with a wealth of experience from business, banking and financial organisations. Members will use their knowledge, skills and experience to scrutinise business cases for proposed Council investments as set out below.

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Corporate governance:

8.12 The Council will need to consider the best approach for the consideration and scrutiny of business cases for future investment to consider their contribution to the delivery of Council Priorities and impact upon the overall risk to the Council prior to recommendation for approval of expenditure by Cabinet or Council. The Cabinet will take decisions or make recommendations to the full Council on new investments that are not part of Treasury Management activity.

8.13 Financial performance is reported quarterly to the Council's Overview and Scrutiny Committee and to Cabinet. This includes the financial performance of the Treasury Management function and any other revenue generating investments.

8.14 The Audit and Governance Committee consider the draft Capital, Investment and Treasury Management Strategies and provides its views to the Cabinet for consideration. Cabinet recommends the suite of strategies to the Council for approval. Treasury Management performance is reported quarterly to the Council's Overview and Scrutiny Committee, Audit and Governance Committee and to Full Council.

8.15 The Council's internal audit provider, South West Audit Partnership Ltd (SWAP) regularly audits the Council's treasury management activity and its processes and procedures for approving investment and performance management. SWAP reports to the Council's Audit and Governance Committee.

9. INVESTMENT INDICATORS

9.1 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure because of its investment decisions.

9.2 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Table 5: Total investment exposure in £

Total investment exposure	31.03.2025 Actual	31.03.2026 Forecast	31.03.2027 Forecast
Treasury management investments	22,392,781	24,200,000	16,500,000
Service investments: Loans	2,321,496	2,277,490	2,254,190
Service investments: Shares	1	1	1
Commercial investments: Property	4,205,000	4,205,000	4,205,000
TOTAL INVESTMENTS	**28,919,278**	**30,682,491**	**22,959,191**
Commitments to lend	1,897,500	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	**30,816,778**	**30,682,491**	**22,959,191**

9.3 **How investments are funded**: Government guidance is that these indicators should include how investments are funded. No investments are currently funded by borrowing. All the Authority's investments are funded by usable reserves and income received in advance of expenditure.

9.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

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Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2024/25 Actual	2025/26 Forecast	2026/27 Forecast
Treasury management investments	4.67%	4.16%	3.76%
Charities Loans	3.46%	3.59%	3.60%
Housing Association Loans	0.00%	4.00%	4.00%
Local residents (equity loans)	0.00%	0.00%	0.00%
Service investments: Shares	0.00%	0.00%	0.00%
Commercial investments: Property*	6.07%	5.69%	7.90%

*Commercial Property returns are calculated based on returns compared to the current market valuation of the asset not the purchase price).

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COTSWOLD District Council

DRAFT ANNUAL MINIMUM REVENUE PROVISION STATEMENT

1. MRP STATEMENT 2026/27

1.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in April 2024.

1.2 The broad aim of the MHCLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits.

1.3 The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods. This statement only incorporates options recommended in the Guidance.

1.4 MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.

1.5 For unsupported capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, starting in the year after the asset becomes operational in equal instalments. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure for all other assets or on capital expenditure not related to fixed assets but which has been capitalised by regulation or direction (revenue expenditure financed by capital under statute), will be charged over the useful economic life (UEL) of the asset up to a maximum of 50 years. MRP will be applied in the year following expenditure was incurred.

1.6 For assets acquired by finance lease or private finance initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

1.7 Where former operating leases have been brought onto the balance sheet on 01 April 2024 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.

1.8 For capital expenditure on **loans to third parties** which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during the year, with the capital receipts so arising applied to finance the expenditure instead.

1.9 For capital expenditure on **loans to third parties** which were made primarily for service purposes, the Authority will make nil MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year that they are received.

1.10 For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. When expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.

1.11 Where loans are made to other bodies and designated as capital expenditure, no MRP will be charged unless (a) the loan is for an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in year. However, the capital receipts generated by the repayments on those loans will be set aside to repay debt instead. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss.

1.12 Capital expenditure incurred during 2026/27 will not be subject to a MRP charge until 2027/28 or later.

1.13 At the commencement of 2025/26 the Council had, a Capital Financing Requirement (CFR) of £0.360m in relation to capital expenditure incurred between 2022/23 and 2024/25 financed from borrowing via a Community Municipal Investment (CMI). Expenditure funded from Borrowing undertaken through the CMI in 2022/23 has resulted in an MRP charge to the Council's General Fund Revenue Account between 2023/24 and 2025/26 and in future years.

1.14 Based on the Council's latest estimate of its capital financing requirement (CFR) on 31 March 2026, the MRP budget for 2026/27 has been set at (£0.32m).

1.15 **Overpayments**: The Authority can make voluntary overpayments of MRP that are available to reduce the revenue charges in later years. No overpayment is planned.

Capital receipts: Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follow:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Authority's MRP calculation will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.
- Any other capital receipts applied to repay debt will be used to reduce MRP in 10 equal instalments starting in the year after receipt is applied.

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District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JANUARY 2026**
Subject	**ANNUAL CAPITAL STRATEGY (DRAFT)**
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: david.stanley@Cotswold.gov.uk
Report author	Michelle Burge, Chief Accountant Email: michelle.burge@Cotswold.gov.uk
Summary/Purpose	The Council is required to approve a Capital Strategy for 2026/27 before 01 April 2026. The Capital Strategy 2026/27 (**Annex A**) is prepared in accordance with CIPFA's "Prudential Code" and the "Treasury Management Code of Practice" (2021 editions), and the Ministry of Housing, Community and Local Government (MHCLG) revised guidance on Local Government Investments.
Annexes	**Annex A – Annual Capital Strategy 2026/27**
Recommendation(s)	That the Committee resolves to: 1. Note the draft Capital Strategy (**Annex A**) for 2026/27 and provides feedback to the Cabinet and Council for consideration as part of the Council's budget setting process.
Corporate priorities	The Council's Capital Strategy underpins all the Council's priorities including 'Delivering Good Services' through 'ensuring value for money and good standards' and 'enhance financial resilience and make best use of our assets'.

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Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

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1. BACKGROUND

1.1 The draft Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes-technical areas.

1.2 The Capital Strategy sets the Prudential Indicators for affordable, prudent and sustainable capital investment.

1.3 The Council's Capital Strategy forms a key element of the overall planning framework. It allows the Council to align capital investment and financing with the Corporate Plan priorities. These include:

- Priority 1 – Preparing the future
- Priority 2 – Delivering Good Services
- Priority 3 – Responding to the Climate Emergency
- Priority 4 – Delivering Housing
- Priority 5 – Supporting Communities
- Priority 6 – Supporting the Economy

1.4 This will be achieved by integrating capital budget decisions into the Council's planning process, so that capital investment decisions are prioritised alongside plans for revenue income and expenditure, as well as plans for assets including the Council's land and buildings and liabilities; and reporting regularly through to Council, Cabinet and the Audit and Governance Committee.

1.5 Prudential Borrowing is not currently anticipated at any point during the life of the Capital Strategy or Medium-Term Financial Strategy. However, it cannot be entirely ruled out and will continue to be reviewed each year as part of the annual budget setting process, and in response to any future changes in the Government funding or capital financing requirements.

1.6 The Strategy has direct links with the Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy. These are included within the Council's Medium Term Financial Strategy (MTFS)

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1.7 The Capital Strategy will be monitored and updated annually to reflet emerging priorities, financial pressure, and external funding changes. Council will approve the final Capital Strategy in February 2026 as part of the MTFS.

2. ALTERNATIVE OPTIONS

2.1 None

3. FINANCIAL IMPLICATIONS

3.1 Financial implications are set out within the body of the report.

4. LEGAL IMPLICATIONS

4.1 There are no legal implications arising from this report.

5. RISK ASSESSMENT

5.1 The process for identification and management of risks associated with the Capital Strategy are set out within the document.

6. EQUALITIES IMPACT

6.1 None directly arising from this report.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 None directly arising from this report.

8. BACKGROUND PAPERS

8.1 None.

(END)

ANNUAL CAPITAL STRATEGY 2026/27

1. STRATEGIC CONTEXT AND PURPOSE

1.1 The Council's capital investment programme brings together many aspects of the Council's services and financial planning. This is driven by the 2025 refresh of the Council's Corporate Plan which sets out the Council's drivers in the development and prioritisation of the capital proposals as described below:

- Responding to climate change, including providing electric vehicle charging points, securing investments in renewable energy and support local community led and community owned renewable energy projects. (Responding to the climate emergency)
- Deliver a programme of activities through the Shared Prosperity and Rual England Prosperity Funds (Supporting the economy)
- Providing good quality affordable housing, with an emphasis on social rent and provision for young people, military veterans and families. (Delivering Housing)
- Promote community activity through Crowdfund Cotswold (Supporting Communities)
- Ensure the leisure and culture contracts deliver core provision and positive community outcomes (Supporting Communities)
- Digital transformation: accelerating the use of digital technology to improve council services, enhance accessibility and promote digital inclusion across communities (Preparing for the future)
- Develop a fleet replacement programme and adapt to changes in waste legislation. (Delivering good services)
- Improve and digitise engagement with the customers of the Waste and Environment Services (Delivering good services)
- Invest in and maintain our car parks (Delivering good services)

1.2 The Council has historically been able to manage funding its capital programme through the use of capital receipts. The Council expects to fund the majority of its capital programme going forward from the use of capital receipts and through revenue contributions to capital outlay (RCCO). This discussed in more detail within Section 3 of this report.

2. CAPITAL RESOURCES AND FINANCING

2.1 The capital programme is planned to be fully financed from a combination of existing resources, external grants and contributions, capital receipts, and contributions from revenue (RCCO), no borrowing is anticipated avoiding associated interest and minimum revenue provision charges. The Capital Strategy prioritises the use of external grants and funding where possible to support Council Plan priorities. Where included, capital receipts assumptions are based on a prudent level of expected capital receipts from asset sales, loan repayments and other sources.

2.2 Resources of £18.4m have been identified to fund the four-year capital programme from 2026/27 to 2029/30, with £2.8m of this being financed through capital receipts and £2.3m through revenue contributions. If any borrowing is required, the Council will ensure that any borrowing will be undertaken in accordance with the Prudential Code for local authority capital finance and within the framework and policies set out in this capital strategy.

2.3 Revised or additional capital budgets funded from corporate resources may be approved by Cabinet or Council, in accordance with the Council's Financial Rules. Based on the current capital programme and available resources, the Council does not anticipate the need for new external borrowing over the medium term. The capital programme is fully funded from grants, revenue contributions, capital receipts, and earmarked reserves. Borrowing will only to considered if circumstances change or for value for money reasons. Whilst the Council has no current plans to borrow, prudential borrowing remains an option should future capital investment be justified subject to a full business case and assessment of affordability, sustainability and prudence and Council approval as appropriate.

2.4 A breakdown of the resources utilised to fund the capital programme is shown in **Chart 1** and **Table 1** below:

Chart 1 – Resources to fund the Capital Programme 2026/27 to 2029/30

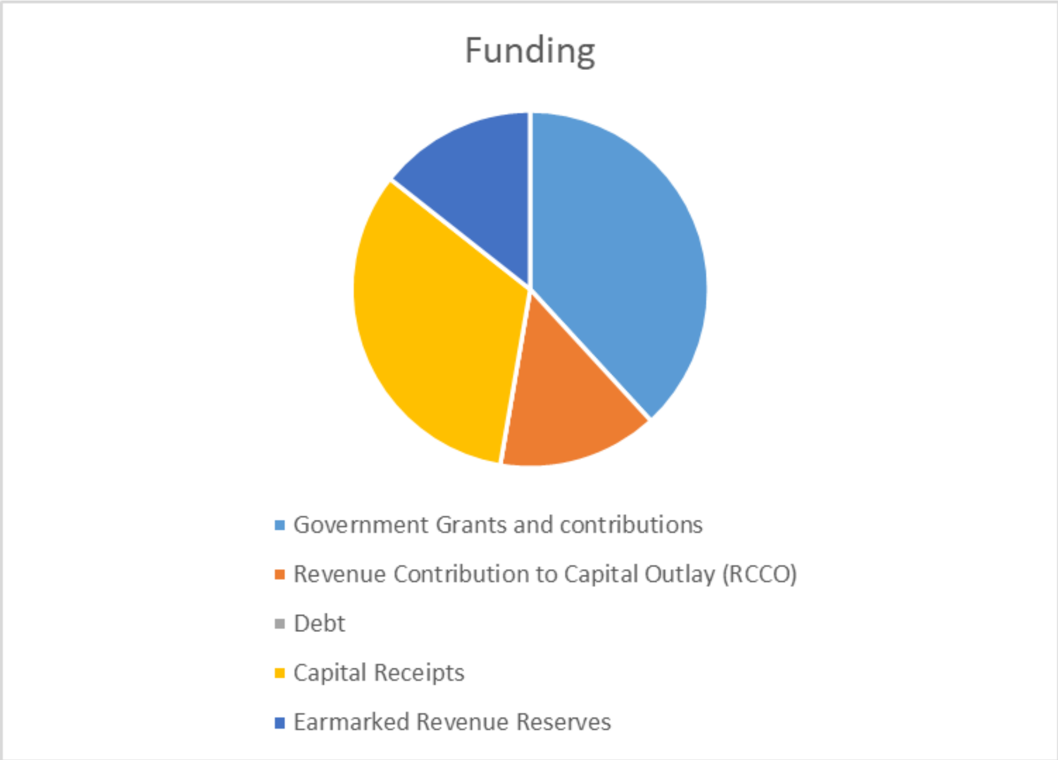
Funding
Government Grants and contributions
Revenue Contribution to Capital Outlay (RCCO)
Debt
Capital Receipts
Earmarked Revenue Reserves

Table 1 – Capital Financing

	2024/25 Actual (£m)	2025/26 Revised forecast (£m)	2026/27 Budget (£m)	2027/28 Budget (£m)	2028/29 Budget (£m)	2029/30 Budget (£m)
Specific Resources						
Government Grants and contributions	3.4	2.1	1.7	1.7	1.8	1.8
Other specific Revenue resources	0.0	0.0	0.0	0.0	0.0	0.0
SUBTOTAL Specific Resources	**3.4**	**2.1**	**1.7**	**1.7**	**1.8**	**1.8**
Corporate Resources						
Debt	0.3	0.1	0.0	0.0	0.0	0.0
Capital Receipts	3.4	0.8	3.8	1.0	0.4	0.9
Revenue Contribution to Capital Outlay	0.0	0.0	2.2	0.5	0.0	0.0
Earmarked Revenue Reserves	0.0	0.0	1.8	0.8	0.0	0.0
SUBTOTAL Corporate Resources	3.7	0.9	7.7	2.3	0.4	0.9
TOTAL Resources	**7.1**	**3.0**	**9.4**	**4.1**	**2.1**	**2.7**

3. CAPITAL EXPENDITURE

3.1 Capital expenditure is where the Council spends money on assets, such as land, property, or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are treated as operational expenditure and charged to the revenue budget. For details of the Council's policy on capitalisation, see the Council's accounting policy which are contained with the annual Statement of Accounts statement-of-accounts-2024-2025.

3.2 Based on the above strategy to support the delivery of the Council Plan outcomes, the proposed Capital Programme totals £9.4m in 2026/27 and £18.4m over the four-year period to 2029/30 as summarised below in **Table 2**:

Table 2 – Estimates of Capital Expenditure

Spend by Council Priority Area	2024/25 Actual (£m)	2025/26 Forecast (£m)	2026/27 Budget (£m)	2027/28 Budget (£m)	2028/29 Budget (£m)	2029/30 Budget (£m)
Responding to Climate Emergency	0.5	0.2	0.0	0.0	0.0	0.0
Suporting Communities	1.3	0.1	0.5	0.0	0.0	0.6
Delivering Good Services	1.5	0.8	7.1	1.8	0.4	0.4
Delivering Housing	2.5	1.6	1.8	2.2	1.8	1.8
Supporting the Economy	1.0	0.3	0.0	0.0	0.0	0.0
SUBTOTAL Priority Areas	**6.8**	**3.0**	**9.4**	**4.1**	**2.1**	**2.7**
Capital investments	0.3	0.0	0.0	0.0	0.0	0.0
TOTAL	**7.1**	**3.0**	**9.4**	**4.1**	**2.1**	**2.7**

3.3 New projects and priorities are identified through the Council's financial planning process and are added to the capital programme. Further detail on planned expenditure in each of the Council Priority areas is included within Annex D of the Medium-Term Financial Strategy.

3.4 The Council manages capital risks through its business case appraisal and approval arrangements. Capital programme expenditure and treasury management performance is regularly monitored and reported to Members at the Audit and Governance Committee, Overview and Scrutiny Committee and Cabinet in accordance with the Constitution. Capital risks have also been considered by the Chief Finance Officer as part of the annual report on the adequacy of Council reserves.

4. CAPITAL FINANCING- EXTERNAL RESOURCES

4.1 Where capital expenditure is funded from external resources such as grants and contributions the financing cost is nil.

4.2 The Council will continue to support the community through the allocation of Disabled Facilities Grant which is funded through a grant of approximately £1.7m per year.

5. CAPITAL FINANCING- INTERNAL RESOURCES

5.1 **Financing from Capital Receipts**: Capital receipts from the disposal of assets represent a finite funding source and it is important that a planned and structured approach to disposals it taken to support the corporate priorities of the Council.

5.2 **Asset management**: An updated asset management strategy was adopted by Cabinet in May 2024, supported by detailed Asset Management Plans for all land and property assets to ensure the Council is achieving the maximum benefit from its assets. Carter Jonas have been instructed to undertake this work. The strategy will help ensure that the Council's capital assets are maintained and developed and continue to contribute effectively to the delivery of the Council's services, support the local economy or provide income in line with expectations. Where there are opportunities to use assets more effectively to delivery Council Priorities, businesses cases are presented to the Cabinet or Council for approval.

5.3 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts "flexibly" on service transformation projects up until and including 2029/30 (subject to guidance from Government). Repayments of capital grants, loans and investments also generate capital receipts.

5.4 All land and buildings which are surplus to existing use will be reviewed before any Council decision is made, to ensure the re-use or disposal of the asset provides best value in supporting the Council's objectives.

5.5 **Table 3** shows forecast of Capital Receipts over the medium-term.

Table 3: Capital Receipts Receivable

Capital Receipts	2024/25 Actual (£m)	2025/26 Forecast (£m)	2026/27 Budget (£m)	2027/28 Budget (£m)	2028/29 Budget (£m)	2029/30 Budget (£m)
Asset sales*	0.0	0.6	0.0	0.0	0.0	0.0
Ubico Loans repaid for Vehicle purchase	0.8	0.9	0.9	1.3	1.3	1.3
Other Loans repaid	0.3	0.1	0.0	0.0	0.0	0.0
TOTAL	**1.1**	**1.5**	**1.0**	**1.4**	**1.4**	**1.4**

* *Asset sale receipts include receipts from "Right to Buy" asset disposals from Bromford Housing Association and the disposals outlined in paragraph 5.6.*

5.6 The Council made a decision to dispose of the vacant Visitor Information Centre in Bourton on the Water and Old Station and Memorial Cottages in 2024/25, both sales are expected to complete in the 2024/25 financial year. At this stage, no other significant disposals are planned between 2025/26 and 2029/30 but in light of the Asset Management Strategy this will be an evolving position.

5.7 The Council's Audit and Governance Committee receive information on the Council's asset portfolio as part of its consideration of the financial statements.

Financing from Earmarked Reserves

5.8 The table below sets out the value of the current Capital Programme that is planned to be financed from earmarked reserves. This includes:

- **£1.3m** from the *Extended Producer Responsibility Grant* reserve to finance capital expenditure for the Waste and Recycling fleet replacement programme;
- **£0.65m** from the *Housing Delivery* earmarked reserve to support the Bromford Joint Venture partnership;
- **£0.4m** from the *Asset Management and Property* reserve to fund asset management expenditure; and
- **£0.1m** from the *Climate Change* reserve to finance the Fuel Bunkering project.

Table 4: Capital Programme Funded by earmarked reserves

Reserve Funding	2025/26 Forecast (£m)	2026/27 Forecast (£m)	2027/28 Budget (£m)	2028/29 Budget (£m)	2029/30 Budget (£m)
Service Improvements	0.0	1.8	0.8	0.0	0.0
Investment	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**1.8**	**0.8**	**0.0**	**0.0**

6. CAPITAL FINACING – DEBT AND TREASURY MANAGEMENT

6.1 Local authorities are required by law to set an overall limit on their debt outstanding, including loans and other long-term liabilities. This 'prudential limit' may not be exceeded, so the Council's proposed limit allows for risks, uncertainties, and potential changes during the year which may need to be accommodated within this overall limit. The outstanding borrowing for the Council after use of internal resources (such as capital receipts or revenue reserves) is outlined in **Table 1**.

6.2 The Council's debt liabilities and its investments arising from day-to-day cash flows need careful management in order to manage the costs and risks. This is the subject of the Council's Treasury Management Strategy and Policies.

6.3 The Council has a low to moderate appetite for taking financial risk and this is reflected in this Capital Strategy. Treasury Management risks are managed through the Treasury Management Strategy and Policy

<u>Borrowing Strategy</u>

6.4 The Council has reviewed its capital programme and confirms that no further prudential borrowing is expected to be required over the medium-term financial period. All currently approved schemes are fully financed through grants, contributions, capital receipts and reserves. The Council remains compliant with the CIPFA Prudential Code and maintains the governance, controls and monitoring arrangements necessary to support borrowing should the need arise in future. Notwithstanding the current position, the Council retains the option to undertake borrowing where a robust business case demonstrates clear service or financial benefit and where such borrowing is affordable, sustainable and prudent.

6.5 The Council's main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility to adapt to changes in the future. These objectives are often conflicting, and the Council will therefore seek to strike a balance between lower-cost short-term loans and long-term fixed rate loans where the future cost is known but higher.

6.6 Local Authorities must not borrow more than or in advance of their needs purely to profit from the investment of extra sums borrowed. The Council currently has no plans to borrow in 2026/27 to invest in new capital schemes. Any funds borrowed will be in relation to specific schemes and based upon the cash required for the chosen schemes. There are no plans to borrow in advance of need.

6.7 The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

6.8 The cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt financed capital expenditure and reduces when debt is repaid through revenue or other capital receipts. Statutory guidance is that debt should remain below the CFR, except in the short term. The CFR for each financial year is set out in Table 5 below and shows that the estimated borrowing complies with this.

6.9 **Table 5 – Capital Financing Requirement by General Fund services (Council Priorities) and Capital Investments**

Capital Financing Requirement	2024/25 Actual (£m)	2025/26 Budget (£m)	2026/27 Forecast (£m)	2027/28 Forecast (£m)	2028/29 Forecast (£m)
Investment in Council Priorities	0.4	0.5	0.4	0.4	0.4
Capital Investments	0.0	0.0	0.0	0.0	0.0
TOTAL CFR	**0.4**	**0.5**	**0.4**	**0.4**	**0.4**

Liability Benchmark

6.10 To compare the Council's estimated borrowing against an alternative strategy, a liability benchmark is calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end. The liability benchmark is currently -£9m and is forecast to rise to -£0.07m over the next three years as the Council's earmarked reserves are forecast to reduce

6.11 **Table 6** below shows that the Authority expects to remain borrowed above its liability benchmark until 2026/27. This is because a deliberate decision was made to borrow additional sums through a Community Municipal Investment to give local people a chance to invest in a cleaner, greener, healthier future for the Cotswolds.

Affordable Borrowing Limit

6.12 The Council is also legally obliged to set an affordable borrowing limit (also known as 'authorised limit for external debt'. In line with statutory guidance, a lower 'operational boundary' is also set as a warning level should debt approach the limit.

Table 6 – Forecast Debt and Prudential Indicators

	Actual as at 31/03/2025 (£m)	Forecast to 31/03/2026 (£m)	Forecast to 31/03/2027 (£m)	Forecast to 31/03/2028 (£m)	Forecast to 31/03/2029 (£m)
Forecast outstanding borrowing / Debt	(0.26)	(0.16)	(0.05)	0.00	0.00
Capital Financing Requirement	0.36	0.46	0.43	0.40	0.36
Liability benchmark	(8.87)	(9.03)	(5.99)	(0.07)	(1.12)
Authorised limit	10.00	10.00	10.00	10.00	10.00
Operational boundary	5.00	5.00	5.00	5.00	5.00

6.13 The Council's full MRP statement is included as **Appendix 1** and is also mirrored in the Annual Treasury Management Strategy.

Revenue Budget Implications

6.14 Although capital expenditure is not charged directly to revenue, the interest payable on loans and provision for repayment of loans (MRP) will be. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue, which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. This charge is known as financing costs. The proportion of financing costs to net revenue stream, i.e., the amount funded from Council Tax, Business Rates and General Government Grants is shown in **Table 7.**

Table 7 – Financing costs as a proportion of revenue (£m)

Financing costs	Actual as at 31/03/2025	Forecast to 31/03/2026	Forecast to 31/03/2027	Forecast to 31/03/2028	Forecast to 31/03/2029
Financing costs (£m)	0.012	0.009	0.035	0.033	0.032
Proportion of net revenue stream	0.07%	0.05%	0.21%	0.19%	0.19%

6.15 Further details on the revenue implications of capital expenditure are covered in section 5 of the 2026/27 Revenue Budget, Capital Programme and Medium-Term Financial Strategy report.

Sustainability

6.16 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 40 years into the future. The Chief Finance Officer is satisfied that the proposed capital programme is prudent, affordable, and sustainable because the net budget demand on the Council and the risks within the programme have been reviewed and are within the Council's risk appetite and tolerances.

7. TREASURY MANAGEMENT

7.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

7.2 Due to decisions taken in the past, the Authority currently has £0.2m of borrowing at an average interest rate of 2.2% and £31.0m of treasury investments at an average rate of 4.16%.

7.3 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

7.4 The Authority's policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which investments to buy, and the Authority may request its money back at short notice.

Table 8 Treasury management investments in £millions

Treasury Management Investments	Actual as at 31/03/2025 (£m)	Forecast to 31/03/2026 (£m)	Forecast to 31/03/2027 (£m)	Forecast to 31/03/2028 (£m)	Forecast to 31/03/2029 (£m)
Near-term investments	11.5	11.5	3.8	0.1	1.1
Longer-term investments	12.5	12.7	12.7	10.3	10.3
TOTAL	**24.0**	**24.2**	**16.5**	**10.4**	**11.4**

7.5 Further details on treasury investments are included in Section 4 of the Treasury Management Strategy [Annex A]

7.6 **Risk management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks. The treasury management prudential indicators are included within **Table 4a** of the Treasury Management Strategy [Annex A]

7.7 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Chief Finance Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to the Audit and Governance Committee, Overview and Scrutiny and then Council. The Audit Committee is responsible for scrutinising treasury management decisions.

8. INVESTMENTS FOR SERVICE PURPOSES

8.1 The Council makes investments to assist local public services, including making loans to local charities, housing associations, local residents and its employees to support local public services, stimulate local economic growth and support Council priorities of providing socially rented housing and promoting carbon neutral development and infrastructure. Total investments for service purposes are currently valued at £2.3m with the largest being a loan facility to a local housing association with a current balance of £1.9m.

8.2 **Risk management**: In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for such investments to break-even or generate a small profit after all costs. A limit of £3.6m is placed on total investments for service purposes to ensure that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.

8.3 **Governance**: Decisions on service investments are made by the relevant service manager in consultation with the Chief Finance Officer and must meet the criteria and limits laid down in the Investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme. The Chief Finance Officer is responsible for ensuring that adequate due diligence is carried out before investment is made. At this time, independent advice may be sought from organisations such as Arlingclose as Treasury Advisors.

8.4 Further details on service investments are in Sections 3 and 4 of the Annual Non-Treasury Investment Strategy: [Annex B]

9. COMMERCIAL ACTIVITIES

9.1 Commercial investments or activities are those the Council invests in purely for financial gain. With Government financial support for local public services declining, the Authority has previously invested in commercial property purely or mainly for financial gain. Total commercial property investments are currently valued at £4.205m, with the largest being £1.4m (Cirencester town centre property leased as retail units) at 31 March 2025 providing a net return after all costs of 6.07% (forecast 5.69% in 2025/26).

9.2 With financial return being the main objective, the Authority accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include: vacancy periods (voids) between tenants, cost of material repairs to property, risk of fire or flood damage. These risks are managed by acquiring properties with long leases and with tenants with a strong covenant and insuring the property. In the longer term, the changing nature of the high street for retail occupants may require the Council to review its commercial property holdings. These risks are managed by the Council's Property Services Team. The Council also has a Corporate Risk Register which is reported quarterly to the Council's Audit and Governance Committee and includes any significant risks arising from commercial investments. In order that commercial investments remain proportionate to the size of the authority, and to ensure that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services, these are subject to an overall maximum investment limit of £10m.

9.3 Decisions of commercial investments are made by the Council in line with the criteria and limits approved by Council in the Investment Strategy. Property and most other commercial investments are also capital expenditure, and purchases will therefore also be approved as part of the Capital Programme. The Chief Finance Officer is responsible for ensuring that adequate due diligence is carried out before an investment in made.

9.4 Further details on commercial investments and limits on their use are included in Section 5 of the Non-Treasury Investment Strategy.

Table 9: Prudential indicator: Net income from commercial and service investments to net revenue stream

PI: Net Revenue Stream	2024/25 Actual (£m)	2025/26 Forecast (£m)	2026/27 Forecast (£m)	2027/28 Forecast (£m)	2028/29 Forecast (£m)
Total net income from service and commercial investments (£m)	0.27	0.37	0.52	0.52	0.53
Proportion of net revenue stream	1.59%	2.26%	3.04%	3.04%	3.08%

10. OTHER LIABILITIES

10.1 In addition to debt of £0.2m detailed above, the Authority is committed to making future payments to cover its pension deficit (valued at £13m). It has also set aside £1m to cover risks of Business Rate valuation appeals.

11. GOVERNANCE

11.1 The CIPFA Prudential Code expects local authorities to consider and approve a number of 'prudential indicators'. These relate to the capital programme generally as well as borrowing and are set out in the sections above.

11.2 The Council will use borrowing in accordance with the CIPFA 'Prudential' system as a tool for delivering policy and managing its finances. Local authorities may borrow to finance capital expenditure, and the affordability of debt is the key constraint. Prudential borrowing is an important way to fund the Council's own priorities where external funding cannot be obtained. The Council sets and monitors prudential indicators to manage its debt exposures.

11.3 To ensure that borrowing remains at an affordable and sustainable level, the Council will seek over the medium term to manage its new prudential borrowing for normal service delivery at a level which is close to the amount which it sets aside from the revenue account each year for debt repayment (i.e., MRP).

11.4 The Council is mindful of Government and CIPFA advice that commercial investments including property must be proportionate to the resources of the authority. The Council is not planning any investments primarily for yield. All service and commercial investments will have regard to the guidance and lending terms issued by HM Treasury.

11.5 The arrangements for realising investments and managing liquidity risk will depend on the purpose and nature of the investment in each case. Where investments have been made to support service purposes and have been funded from cash resources, there is not a funding pressure to have an investment exit route in place. Where investments are funded by borrowing, the Council's MRP Policy sets out the arrangements to repay debt without resorting to a sale of the investments.

11.6 Financial and property investment decision making will follow the Council's Business Case governance requirements, with particular attention to expert due diligence, robust financial appraisal and taking external advice in consultation with the Chief Finance Officer. New investments must reflect the Council's core priorities and must be agreed by the Chief Finance Officer before presentation of any Council decision report.

11.7 Decisions on incurring new discretional liabilities are taken by the Chief Finance Officer. The risk of liabilities crystallising and requiring payment is monitored by finance and reported quarterly to Cabinet.

11.8 Advisers will be used where necessary to ensure that the Council is provided with sufficient skills and understanding to support robust decision making. In particular, the Council's treasury management adviser (Arlingclose) can provide support in relation to financial investments.

11.9 Officer and Member training will be available through the Council's treasury advisers. Information relevant to investment decisions will form part of Council decision reports to members. Due diligence requirements for investments will ensure that officers are aware of the core principles of the prudential framework and local authority regulatory requirements. These arrangements will support the capacity, skills and culture of the Council in making and managing investments for service and commercial purposes.

12. MANAGEMENT OF THE CAPITAL PROGRAMME

12.1 In the above context of needs and resources, the Council has developed policies and high-level processes to ensure the effective management of capital. This will be overseen by the Council through strong governance and assurance processes for capital planning, capital appraisal and approval, project management, and capital monitoring and review.

12.2 Service managers contribute annually, in the autumn, to the Council's revenue budget and capital programme. The Finance Team collates proposed changes to the Capital Programme for consideration by the Cabinet as part of the Council's budget setting process. The financing cost (which can be nil for projects funded from Council resources or external grants) is included in the Medium-Term Financial Strategy and detailed budgets for the forthcoming financial year. The Council's Overview and Scrutiny Committee considers both the Medium-Term Financial Strategy and the detailed budget. The comments of the Overview and Scrutiny Committee are reported to Cabinet when the Medium-Term Financial Strategy and detailed budget proposals are considered. Cabinet recommends the final Capital Programme and revenue budgets to Council in February each year.

12.3 The Council will need to consider the best approach for the consideration of capital business cases for projects which support the priorities of the Council prior to recommendation for approval of expenditure by Cabinet or Council. For full details of the Council's proposed capital programme see the revenue and budget papers considered by Cabinet and Council in February 2026 [Annex xx].

12.4 All use of capital resources, including capital receipts, will be prioritised across the Council as a whole in relation to the Council's key priorities.

12.5 The Council's MTFS sets out the financial challenges and risks which the Council is currently managing. The Council's risk appetite is moving from low to moderate and Members are prepared to consider investments with a moderate level of risk for which there is an appropriate level of financial return. A combination of the Chief Finance Officer, the Council's Legal Team and Strategic Finance team, Managers and Directors will support Council Member governance structures in ensuring that where risks are taken, they are fully understood and proactively managed.

12.6 The staff responsible for making capital expenditure, borrowing and investment decisions are professionally qualified and experienced. Use is also made of external advisors and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisors and other specialist advisors to support on specific transactions as required. This approach is more cost effective than employing such staff directly and ensures that the Council has access to the relevant skills and knowledge when required.

12.7 In-year revised or additional capital budgets may be approved by Cabinet or Council. The Financial Rules set out the decision-making process for approving additional in-year capital budgets. The Council will decide upon changes to the prudential borrowing limits.

COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT & GOVERNANCE COMMITTEE** **27 JANUARY 2026**
Subject	**INFORMATION GOVERNANCE UPDATE & SENIOR INFORMATION RISK OWNER (SIRO) ANNUAL HIGHLIGHT REPORT 2024/25**
Wards affected	All
Accountable member	Councillor Mike McKeown Email: mike.evemy@cotswold.gov.uk
Accountable officer	Jane Portman, Chief Executive Officer Email: jane.portman@cotswold.gov.uk
Report author	Angela Claridge, Director of Governance & Development (Monitoring Officer) Email: angela.claridge@cotswold.gov.uk
Summary/Purpose	To provide the Committee with its first Information Governance & SIRO report, summarising the Council's key actions and progress in reducing information risk and strengthening data and information management controls during the 2024/25 financial year.
Annexes	Annex A Information Governance & Senior Information Risk Officer (SIRO) Report 2024/25
Recommendation(s)	That the Audit & Governance Committee resolves to: 1. Note the report of the Senior Information Risk Owner (SIRO) on Information Governance for the 2024/25 period 2. Approve the future inclusion of the SIRO's Annual Report within the Annual Governance Statement for reporting purposes
Corporate priorities	• Delivering Good Services
Key Decision	NO

COTSWOLD
District Council

Exempt	NO
Consultees/ Consultation	CLT including: • Chief Executive Officer • Deputy Chief Executive & S151 Officer • Director of Governance & Development (Monitoring Officer) • Director of Communities & Place CDC Governance Group including: • Chief Technology Officer • ICT Audit & Compliance Manager • Compliance & Information Governance Officer

COTSWOLD
District Council

1. EXECUTIVE SUMMARY

1.1 This is the first time this Committee has received an Information Governance & Senior Information Risk Officer (SIRO) report (Annex A). It provides an overview of the Council's key actions and positive progress in information governance and information risk management during the financial year 2024/25, outlining the advancements in reducing information risk and strengthening controls around data and information management.

2. MAIN POINTS

2.1 The Council's Senior Information Risk Officer (SIRO) has accountability for ensuring that effective systems and processes are in place to address the Information Governance agenda including records and document management. With completion of phase 1 of the Publica review in November 2024, the role of SIRO moved from Publica to the Council and the role is held by the Chief Executive Officer.

2.2 The SIRO is responsible for the corporate approach to managing information risk including:

- acting as corporate champion for information governance, security and data protection
- providing a focus for the management of information governance at a senior level
- ensuring sufficient professional capacity and expertise is in place
- ensuring that the Council has appropriate information security policies in place
- providing advice and reports in respect of information security incidents, risks and trends
- assessing how the Council's strategic priorities may be impacted by these incidents, risks and trends and how they can be managed, resourced and scrutinised effectively
- implementation of the Council's approach to the management, retention and destruction of paper and electronic records.

2.3 The SIRO is supported in this work by the Data Protection Officer (DPO) which is a statutory role required by Article 37 of the UK General Data Protection Regulations (GDPR) and Section 69 of the Data Protection Act 2018 and other compliance and governance officers.

2.4 It is considered best practice to report these areas and best practice to members and the report aligns with the Audit & Governance Committee's responsibility to ensure the Council's control framework remains robust. For future reporting, it is recommended the SIRO's report is included with the Annual Governance Statement

3. FINANCIAL IMPLICATIONS

3.1 Proactive information management helps reduce Council costs by minimising risks such as regulatory fines and expenses from cyber-attacks.

4. LEGAL IMPLICATIONS

4.1 Information management and data protection are subject to a range of legislation including the UK General Data Protection Regulation and Data Protection Act 2018 as amended, as detailed in the Information Governance & SIRO report 2024/25.

5. RISK ASSESSMENT

5.1 Not producing an Information Governance and SIRO report may result in insufficient oversight of information risk management, leading to potential non-compliance with statutory requirements (e.g., UK GDPR, Data Protection Act 2018), increased vulnerability to data breaches, and reputational damage. This lack of formal reporting could also hinder transparency, accountability, and continuous improvement in information governance practices.

6. EQUALITIES IMPACT

6.1 Data Protection policies and procedures are available on the Council's website. Alternative channels remain available for those customers who may not be able to access or use digital services and reasonable adjustments for disabilities are made where required.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 None arising from this report.

8. BACKGROUND PAPERS

8.1 None.

(END)

COTSWOLD
District Council

Information Governance &

Senior Information Risk Officer (SIRO) Report 2024/25

1 Executive Summary

Over the past year, progress has been made to reduce the turnaround time on Subject Access Requests, Freedom of Information requests, reducing information risk for the Council and growing the maturity of the approach to data and information.

Progress has also been made in improving the approach to information governance, information risk and cyber security across the Council and while there are challenges that remain to be resolved, there are clearly defined actions for the future.

This first report provides a detailed look at the Council's key actions regarding information governance and information risk management.

The report provides both a backward-looking view of the actions, plans, opportunities and challenges related to information risk and governance during 2024/25 and satisfies the requirement for the Senior Information Risk Owner (SIRO) to provide an annual report and a forward-looking view of planned activities for the next year.

2 Background

2.1 Regulatory, Strategy & Policy Framework

The UK GDPR and Data Protection Act 2018 (DPA 2018) are the primary pieces of legislation regulating data protection in the UK.

The proposed Data Protection and Digital Information Bill (DPDI Bill) did not pass through Parliament before the General Election; instead the Data (Use and Access) Bill received Royal Assent in June 2025. The Data (Use and Access) (DUA) Act 2025 complements, rather than replaces, existing legislation like the UK GDPR and the Data Protection Act 2018. The Act aims to make it easier and more secure for data to be shared and used, such as through new Smart Data schemes and digital verification services.

Key actions from the DUA Act 2025:

Key Changes	Plans	Responsible Officer
Subject Access Requests (SARs) – The Council must now only conduct "reasonable and proportionate" searches. The time limit for responding can also be paused if the Council needs more information from the requester.	We have updated our internal SAR procedures and we are now compliant with the DUA Act.	Compliance Manager
Cookies: Exemptions have been created for certain cookies, such as those used for statistical purposes, to be used without user consent.	The Council Cookies Privacy Notice has been updated with DUA requirement. This action has been completed.	DPO
Automated decision-making: Restrictions on automated decision-making have been relaxed, allowing for broader use of these systems, though safeguards are still required.	Automated decision-making review undertaken on Council processing activities completed. Privacy Notices have been updated.	DPO
Internal complaints procedure: Council is now required to have an internal complaints procedure for data protection issues. Individuals must complain to the organization first before escalating to the Information Commissioner.	We have updated our internal complaint process and aligned all data protection complaints received with our generic complaints process. we are compliant with the DUA Act.	Compliance Manager

The Information Commissioner's Office (ICO) has undergone several internal structure changes, most recently with the introduction of the DUA Act 2025. The new structure is called the Information Commission (IC).

IC has announced a set of commitments to support the government's growth agenda. These include introducing a statutory code of practice for businesses developing or deploying Artificial Intelligence (AI); simplification of the Privacy and Electronic Communications Regulations (PECR) consent requirements (which mainly relate to cookies and other tracking technology) and publishing new guidance on international data transfers.

The above matters continue to be monitored by the ICT Audit & Compliance Manager (Data Protection Officer (DPO)), who will update the Corporate Leadership Team as required.

Privacy & Electronic Communications Regulations (PECR) consent requirements:

Key Actions Required	Plans	Responsible Officer
General rule: The Council will need prior consent to send unsolicited direct marketing to individuals.	Consent Review Marketing activities completed July 25. Council Communication service 'Communicating with our residents' website pages and Privacy Notice updated with PECR consent requirements Sept 25	DPO
Existing customers: The Council can email existing customers with marketing for similar services without consent, provided they had the chance to opt out when their details were collected and are given an easy way to opt out of future marketing	The Council's Communications services marketing procedures are now compliant with PECR consent requirements. Review completed by DPO in Aug 25.	DPO
Obtaining consent: The Council required to have reliable method is to provide opt-in boxes where individuals can clearly indicate they want to receive marketing. **Opt-out:** All marketing communications must include a simple way for recipients to unsubscribe.	The Councils Communications services Consent marketing procedures is now compliant with PECR consent requirements. Review completed by DPO in Aug/Sept 25.	DPO

The Council's vision for managing information, the principles supporting that vision and the context and challenges faced by the Council are detailed in the relevant policies and guidance documents:

Policy	Review	Responsible Officer
Data Breach Policy & Procedures – Compliance with UK GDPR Article 33 & 34	Completed June 2025	Compliance Team
Council & Publica Privacy Notices - Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	2026: On-going review of 60 Privacy Notices	Compliance Team
Data Protection Policy – Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	February 2026	DPO

Information & Data Retention Schedule - ensures compliance with Article 5(1)(e) of the UK GDPR by establishing and enforcing rules for how long personal data is kept, ensuring it is not stored longer than necessary for the original purpose	March 2026	Compliance Team
ICT Acceptable Use Policies – ensures compliance with UK GDPR Article 5, Article 32 Security of processing, Computer Misuse Act 1990 (UK), Malicious Communications Act 1988	March 2026	ICT Audit & Compliance Manager/DPO
Record of Processing Activities – which is a detailed written log of all personal data processing, ensures Compliance with Article 30 of the UK GDPR	July 26	Compliance Team

2.2 Roles & Responsibilities

Before November 2024, the role of SIRO was under the remit of Publica. Since then, the Chief Executive has taken over this role and responsibilities including:

- working closely with the DPO.
- overseeing the strategic management of information-related risks.
- ensuring alignment with business objectives.
- promoting a culture that protects information.
- owning information risk management policies and processes; ensuring they are implemented.
- advising on information risk management processes and assurances.
- owning the ICO incident management framework.
- producing an annual report on information risk and governance, covering progress and plans, of which this is the first.

The SIRO's overall role is supported by the Director of Governance & Development and the internal Governance Group.

The Data Protection Officer (DPO) is a statutory role required by Article 37 of the UK GDPR and Section 69 of the Data Protection Act 2018 to monitor internal compliance, inform and advise on data protection obligations, provide advice regarding Data Protection Impact Assessments (DPIAs) and act as a contact point for data subjects and the Information Commissioner.

3 Looking Backwards

3.1 Data Breaches

	2024/25			
	Q1	Q2	Q3	Q4
Total Breaches	-	3	1	1
Low Level	-	3	1	1
Medium Level	-	-	-	-
High Level	-	-	-	-

3.2 Subject Access Requests

	2024/25			
	Q1	Q2	Q3	Q4
Requests Received	6	3	-	4
Requests Completed & Issued	3	2	-	4
Requests Open/On Hold*	3	1	-	-

3.3 Access Controls

Access controls are the mechanisms and policies that determine who or what is permitted to access specific resources such as data, applications and physical locations. It is a security measure that verifies the user's identity (authentication) and then grants or denies access based on predefined rules and permissions (authorisation). Starters, leavers and transfers are crucial security processes which ensure starters are onboarded with the correct access, existing staff who move jobs have the correct access and those who leave the organisation have their access revoked.

3.4 Data Retention

Effective management of Council records is essential to support service delivery, meet legal requirements and manage information-related risks. Following a SWAP Audit, a Council-wide review of our current Retention Schedule is being undertaken in 2025/26. The review will ensure schedules are aligned to legal and operational requirements and reflect all activities where data is held in compliance with the Council's Document Retention and Disposal Policy.

The Council also maintains its Information Asset Register, providing a key governance mechanism for overseeing information assets and associated risks.

3.5 Data Destruction

Departments continued to carry out routine destruction of information assets in line with approved retention schedules, using established procedures to ensure the secure disposal of both digital and physical records. A review of the organisation's retention schedule is under way and scheduled for completion in the first quarter of 2026; this work includes a review of departmental record destruction procedures which will strengthen overall assurance around disposal practices.

3.6 Freedom of Information/Environmental Information Requests

Under the Freedom of Information Act (FOIA) and Environmental Information Regulations (EIR), individuals are entitled to ask the Council for a copy of information it holds.

	2024/25			
	Q1	Q2	Q3	Q4
Requests Received	106	100	120	117
Answered within 20 days	93 87.7%	95 95%	107 89.2%	96 82.1%
Answered after 20 days	13 12.3%	5 5%	13 10.8%	21 17.9%

3.7 Training & Awareness

Communications related to data security, cyber security and phishing are a regular communication topic for all officers and elected members. Over the past year there has been communication related to these topics which is raising awareness and both data protection and cyber training is a mandatory part of each new staff's induction programme with annual refreshers for existing staff.

Completion rates for the annual training programme have a target of 95% for Cyber Security & Data Confident (GDPR) training, actual achieved is 93%. The Information Commission does not set a specific "target rate" for GDPR training completion but expects training to be ongoing and effective.

Messages through a variety of communication channels are provided to staff alerting them to the need to protect personal data, be vigilant around cyber security and to use data appropriately.

3.8 Data Sharing Requests

The Council continues to work closely with partner organisations and shares data where appropriate to support service delivery. Requests for the disclosure of information about identifiable individuals, including those made under Schedule 2 or to confirm a person's status, were assessed on a case-by-case basis to ensure a clear legal basis for sharing and full compliance with data-protection requirements. Data Sharing Agreements were developed and updated for both short and long-term initiatives across a range of departments, with appropriate safeguards and privacy notices in place to ensure the public remains informed about how their information is used.

3.9 Data Policies & Guidance Documents

Policy	Review	Responsible Officer
Data Protection Policy – Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	Dec 2025	DPO

Data Breach Policy & Procedures – Compliance with UK GDPR Article 33 & 34	Jun 2025	Compliance Team
Information & Data Retention Schedule - ensures compliance with Article 5(1)(e) of the UK GDPR by establishing and enforcing rules for how long personal data is kept, ensuring it is not stored longer than necessary for the original purpose	Nov 2025	Compliance Team
ICT Acceptable Use Policies – ensures compliance with UK GDPR Article 5, Article 32 Security of processing, Computer Misuse Act 1990 (UK), Malicious Communications Act 1988	Mar 2026	ICT Audit & Compliance Manager | DPO
Council & Publica Privacy Notices - Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	Jan 26 – Dec 26: On-going review of 60 Privacy Notices	Compliance Team
Record of Processing Activities – ensures Compliance with Article 30 of the UK GDPR	Jul 26	Compliance Team

3.10 Cyber Security

Cyber Security is reported via the Council Audit and Governance Committee annually. Additional briefings for councillors and senior officers are available on request.

The Council operates a dedicated Cyber Security Team as part of its shared service arrangements with other Councils. This allows the Team to attract and retain staff with industry recognised Cyber Security qualifications. Investment by the Council has ensured the security solutions deployed are suitable for the task and configured correctly.

The Council obtained its Annual Public Sector Network (PSN) Code of Compliance certification in June 2024 and again in June 2025. This process includes security assessment by third party experts both internally and externally. The results of these assessments are reviewed by the Cabinet Officer.

The Council achieved the MHCLG Cyber Assessment Framework (CAF) Ready status in 2024. As a result of the preventative measures taken, there were no cyber security incidents that had a negative impact upon the Council in 2024/25.

4 Looking Forward

4.1 Strategic Direction - Future Programme of Work and Key Focus Areas

The strategic direction for information risk is to reduce information risk across the Council and associated organisations by ensuring that the right practices are in place and accountabilities understood.

Key areas of focus are:

- Risk Register
- Internal Audit
- External Audit
- Data Retention and Destruction
- Other regulator observations
- LGR and data sharing
- ICT environment (emphasis on shared platforms and data security)
- AI
- Microsoft 365 Implementation and Windows 11 Rollout

4.2 Staff Awareness

People are the first line of defence and the weakest link. Ongoing education and awareness of the importance of maintaining vigilance around cyber will continue. The approach to updates via regular communication to remind officers and members of the need for vigilance will continue,

4.3 Risk Register

The Council's strategic risk register is maintained by responsible officers which is regularly reviewed by the Corporate Leadership Team. The register includes a 'Compliance – GDPR/Data Breach' section which mitigates the risk of the Council not having adequate internal controls around the management of its data resulting in a data breach.

5 Concluding Comments

The Council operates in a challenging environment with growing cyber threats, constantly changing digital world and increasing pressure to do more with less. Embracing the use of digital tools and data is critical, along with ensuring that officers can be the vital first line of defence. Maturing the way in which data and information are managed and supporting this with effective processes and policies are some of the tools in the arsenal. Teams continue to make progress in enhancing the measures taken to mitigate information risk, uplift understanding of officers and to ensure that robust cyber security measures are in place.

The collaborative efforts across various teams have resulted in strengthened controls, improved training and a more resilient infrastructure. Constant improvements and ensuring the momentum is maintained will allow the Council to keep improving the stance towards information risk and ensure that we keep our resident data safe and secure.

COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JANUARY 2026**
Subject	**2024/25 EXTERNAL AUDIT REPORT AND AUDIT OPINION**
Wards affected	None
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: david.stanley@Cotswold.gov.uk
Report author	Michelle Burge, Chief Accountant and Deputy S151 Officer Email: michelle.burge@Cotswold.gov.uk
Summary/Purpose	To update the Committee on the findings of the financial statement external audit of the 2024/25 financial year. Bishop Fleming anticipates issuing an unqualified audit opinion with no material adjustments required to the financial statements.
Annexes	Annex A – Audit Completion Report 2024/2025 Annex B –Statement of Accounts 2024/25 Annex C – Letter of Representation 2024/2025
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the Audit Completion Report **(Annex A)** and revised 2024/25 Statement of Accounts **(Annex B).** 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 2024/25 Statement of Accounts subject to completion of outstanding audit work. 3. Recommend that the Chair of the audit and Governance Committee and Deputy Chief Executive and S 151 Officer sign the Letter of Representation **(Annex C)**

COTSWOLD
District Council

Corporate priorities	• Delivering Good Services
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Draft accounts were available for public inspection at the Council offices between the 28the July 2025 and 8th September 2025. Draft accounts were also published on the Council website.

COTSWOLD
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1. EXECUTIVE SUMMARY

1.1 On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. These regulations required audited financial statements for the year ended 31 March 2025 to be published by the 27 February 2026.

1.2 The audit on the Statement of Accounts undertaken by Bishop Fleming is now substantially complete subject to a small number of outstanding items and completion procedures.

1.3 Bishop Fleming have produced an 'Audit Completion Report' (Annex A) to share with members of this Committee to inform their approval of the 2024/25 financial statements.

2. BACKGROUND

2.1 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 Statement of Accounts and Annual Governance Statement on the 14th July 2025.

2.2 The 2024/25 draft Statement of Accounts were published on the 18th July 2025 and a training session on the draft Statement of Accounts was held for all Committee members on the 16th September 2025.

2.3 A national "backstop" deadline now applies to the conclusion of local authority audits following the Accounts and Audit (Amendment) Regulations 2024, which came into force on 30 September 2024. These regulations were introduced by Government to address the significant backlog of delayed local audits and to ensure a clear, mandatory cut-off point for auditors to issue an opinion on each year's accounts. For the 2024/25 financial year, the statutory backstop requires the audited Statement of Accounts to be finalised by 27 February 2026; if the audit is not completed by this date, the auditor must issue a modified or disclaimed opinion, and the authority must publish the accounts accordingly.

2.4 Bishop Fleming, the Council's external auditors undertook their audit of the 2024/25 Statement of Accounts between August 2025 and January 2026.

2.5 The details of the results of the Value for Money work were reported separately in the Auditor's Annual Report, presented to the committee in December 2026

COTSWOLD
District Council

3. ACCOUNTS AUDIT

3.1 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.

3.2 Attached to this report at **Annex A** is the 2024/25 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.

3.3 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 statement as set out in section six of Bishop Fleming's report.

3.4 One unadjusted item is listed in section six in relation to the overstatement of the Cotswold District Council's share of the asset value in the Gloucestershire County Council Pension Fund accounts, as reported by KPMG, this item has not been adjusted as management consider it is not material to the financial statements (£81k)

3.5 One unadjusted item related to an error identified in the valuation workings for the Trinity Road offices, where the valuer omitted a deduction for voids resulting in an error of £134k. This equates to just 2% of the estimated value of the asset, the valuation has not been adjusted within the financial statement and is not considered material.

3.6 One recommendation is included in section seven of the Audit completion report relating to the need to split the disclosure of long- and short-term CIL debtors. Management have agreed with the recommendation and provided a response as set out on page 14.

3.7 Once approved, the audited statements will be published on the Council's website and a notice advertised of the full completion of the audit.

COTSWOLD
District Council

4. ANNUAL GOVERNANCE STATEMENT

5. The Annual Governance Statement published with the Statement of Accounts and included in **Annex B** was reviewed and approved by the Audit and Governance Committee on the 14th July 2025 in accordance with Regulation 6 of the Accounts and Audit Regulations 2015 (as amended).

6. THE LETTER OF REPRESENTATION

6.1 To complete the audit process the Council is required to submit a letter of representation to Bishop Fleming to complement the financial statement 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 2024/25 and applicable law.

6.2 A draft copy of the letter is included in **Annex C** to this report.

6.3 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.

7. ALTERNATIVE OPTIONS

7.1 None.

8. FINANCIAL IMPLICATIONS

8.1 There are no direct financial implications other than the audit fees set out in section seven of the Audit Completion Report. This identifies additional costs above the scale fee of £151,327 initially agreed for 2024/25 of:

8.2 £4,982 - additional procedures for the implementation of IFRS16 – leases and applies to all Councils,

8.3 £7,475 – VFM additional procedures in relation to the procurement significant weakness identified and reported to the December 2025 Audit & Governance Committee.

8.4 Both variations are subject to agreement by the Public Sector Audit Appointments (PSAA). If agreed both will be funded through the Council's contingency budget.

COTSWOLD
District Council

9. LEGAL IMPLICATIONS

9.1 it is a statutory requirement for the Council to prepare and publish audited financial statements to comply with the Accounts and Audit Regulations 2015 (as amended). The accounts must be approved by those charged with governance (Audit and Governance Committee) after considering the auditor's findings.

10. RISK ASSESSMENT

10.1 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.

10.2 The reporting of the Council's financial position through the Statement of Accounts, and the issue of an audit opinion from the Council's external auditor, supports its financial sustainability in 2025/26 and future years.

11. EQUALITIES IMPACT

11.1 None

12. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

12.1 None

13. BACKGROUND PAPERS

13.1 None

(END)

Bishop Fleming

Audit · Accountancy · Tax · Advisory

Audit Completion Report
Cotswold District Council

For the year ended 31 March 2025

Date: 14 January 2026

Audit and Governance Committee
Cotswold District Council
Trinity Road, Cirencester
Gloucestershire, GL7 1PX
United Kingdom

Dear Members

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 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

Bishop Fleming Audit Limited

Bishop Fleming Audit Limited

Contents

Appendices

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 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Our audit is largely complete, however, it 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 May 2025, 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 significant risks highlighted were as follows:

- Management override of controls;
- Valuation of investment properties;
- Valuation of land and buildings; and
- Valuation of the pension fund net liability.

Our audit work has been substantially completed on each of the above areas, subject to final senior reviews, and is further detailed in section 4 of this report.

Audit Adjustments

During the course of our work, adjustments were identified and, on agreement of management, were amended 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 5 of this report.

Management Letter Points and Internal Control Matters

Recommendations were identified during the course of our work and these are further detailed in section 6 of 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 2025. The Code 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 identified a significant weakness in the Council's arrangements in respect of its procurement arrangements; see section 7 for more details. The results of the Value for Money work were reported separately in our Auditor's Annual Report to the Audit and Governance Committee in December 2025.

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 expenditure	£1,014,000

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 overleaf, we anticipate issuing an unmodified audit report on the financial statements of Cotswold District Council for the year ended 31 March 2025.

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:

- Resolving outstanding queries with regard to the cash flow statement;
- Finalising sample testing of lease documentation where the Council is the lessor; and
- Senior review of working papers and the accounts.

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

- Consideration of any post balance sheet events prior to opinion being issued;
- Final review of the financial statements;
- Confirmation of the approval of the financial statements by the Council; and
- 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. The contents of this report should not be disclosed to third parties without our prior written consent.

3. Accounts and audit 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.

Readiness for audit	*Amber*
Quality of financial statements	*Green*
Accuracy of financial records	*Green*
Quality of working papers	*Green*
Availability of Staff	*Green*

Key (Impact on audit approach)

None or limited impact	*Green*
Some impact	*Amber*
Significant impact	*Red*

We invested significant time into the audit running as smoothly as possible. At the start of the audit, we held a planning meeting with the finance team to deliver the audit plan and give clear expectations of timeline of the work. During the final audit, we had frequent catch-up calls with the finance team, and daily email correspondence.

As a result of the investment made by both parties, the audit generally proceeded smoothly. However, challenges with audit staff continuity and delays in receiving requested information combined to extend the audit beyond its original timeline.

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 this might be possible.

Readiness for audit

The draft financial statements were provided in accordance with the agreed timetable outlined in our Audit Plan.

However, there were delays in resolving queries and fulfilling requests, partly due to audit staff continuity issues, which resulted in delayed follow-ups and some repeated requests. We also noted that the finance team does not have full control over sourcing all required evidence, making some delays inevitable. We will work closely with the finance team to identify and implement actions that will help streamline this process for next year.

Quality of financial statements

We have not identified any significant omissions from the unaudited financial statements. However, we noted improvements to the Council's lease disclosure following the changes to the CIPFA Code for 2024/25 adopting IFRS 16. There were also a small number of typographical and calculation errors that were noted during the casting process.

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. We followed up on a few items where the external documents had inconsistent information and received reasonable explanations in all cases.

Quality of working papers

The quality of the working papers and supporting evidence provided was generally good. Some clarification questions were raised to enable understanding of the information provided but no omissions or issues in the working papers provided were noted.

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.

We were able to arrange semi-regular calls with the team throughout the audit, which enabled continued progression and monitoring of the audit.

4. Audit risks

Significant 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. We have not identified any material errors from our work carried out, subject to completion of final senior reviews.

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; • spoken with 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 • formed our own expectations regarding the movement in property values and comparing these to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual. We identified an immaterial calculation error in the valuation of the Trinity Road offices, see section 5 for further details. Our testing is complete here and we have not identified any material errors from our work carried out.

Valuation of investment properties	
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; • spoken with 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 • formed 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. Our testing is complete here and we have not identified any material errors from our work carried out.

Valuation of the pension fund net liability	
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 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 issues with the valuation method or approach used by the actuary. The Pension Fund auditor has identified an uncorrected misstatement, of which we have included the Council's share within the schedule of adjustments, see section 5 for further details. Our testing is complete here and we have not identified any material errors from our work carried out.

As part of our planning, we rebutted the risks of fraud in revenue recognition (required under the ISAs) and fraud in expenditure recognition (required under the Financial Reporting Council's Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom).

Other risks:

Implementation of IFRS 16 Leases	
Other risk 2024/25 was the first year in which local government bodies were required to implement the provisions of IFRS 16 leases. There is a risk that the Council has not appropriately complied with IFRS 16.	**Work done and conclusion** To address this risk, we have: • Documented our understanding of the processes and controls put in place by management for identifying lease contracts, including those not covered by the transitional arrangements, and evaluate the design of the controls; • Reviewed the appropriateness of assumptions used in calculating the estimate; • Reviewed the completeness and accuracy of the data gathering exercise; • Confirmed the appropriateness of application of exemptions for existing contracts such as short term and low value leases; • Reviewed the required transitional disclosures and the application of the adjustment to the opening balances; and, • Tested a sample of leases for accuracy in calculating the right of use asset and lease liabilities. We have concluded that the Council has appropriately implemented the provisions of IFRS 16 as required by the CIPFA Code of Practice. We did, however, raise with management a small number of improvements in the relevant disclosures to reflect the changes to the disclosure requirements. We have not identified any material errors from our work, subject to completion of final senior reviews.

5. 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.

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?
Leases disclosure	We requested that management amend their lease disclosures to better reflect the impact of the revised lease accounting treatment introduced by the adoption of IFRS 16, in line with the 2024/25 CIPFA Code.	✓
E2. Financial Instruments	Payments in Advance was disclosed as £1,120,550 in the note; however, this is inconsistent with the prepayments balance of £1,102,850 reported in Note D5. Debtors, resulting in a variance of £17,700.	✓

Unadjusted items

The table below provides details of adjustments identified during the 2024/25 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
KPMG (the pension fund auditor) have reported an uncorrected misstatement on the total pension fund value. This overstates the pension fund's net assets by £2.7m, Cotswold DC's share of this misstatement is 3%, being £81k.	81	-	-	81
An error was identified in the valuation workings for the Trinity Road offices, with a total value of £5.2m, where the valuer omitted a deduction in their calculation for rental voids. Property, Plant and Equipment overstated with the corresponding adjustment posted to the revaluation reserve.	-	-	134	134
Total	**81**	**-**	**134**	**215**

6. 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 Audit and Governance Committee as '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

Splitting of Parish and Admin Community Infrastructure Levy (CIL) debtors	
The Council currently includes all CIL debtors relating to parish and admin as short-term debtors even when not expected to be received within a year. Best practice would dictate that these should be split into long-term and short-term debtors.	<u>Recommendation</u> These amounts should be split into long-term and short-term debtors to better represent the asset split. <u>Management comment</u> We will split the Parish and Admin CIL debtors between short and long term as appropriate within the 2025/26 financial statements.

Prior Year Issues – Resolved

Issue	
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.	**2023/24 recommendation** We recommend that the estates team perform a review of building plans against known assets to ensure that records are complete and accurate. **2024/25 update** The valuer carried out their own measurements as part of the current year valuation exercise and provided these measurements within their valuation workings to the audit team. On this basis, we conclude that this recommendation has been resolved.

Issue	
During our testing of fixed assets, we identified that one item within our sample had its value apportioned between the I&E and the Balance Sheet in line with the funding used to purchase it, which was partially revenue and partially capital.	**2023/24 recommendation** We recommend that in future, purchases should be recognised either in the I&E or on the Balance Sheet according to their nature, and not the funding stream used to purchase them. **2024/25 update** We did not see any cases of this in our additions sample so conclude that management has resolved the issue.

7. 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 2025. The Code 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 identified a significant weakness in relation to the Council's arrangements in respect of its procurement arrangements. This related to an investigation by the Counter Fraud Enforcement Unit (CFEU) into procurement arrangements during 2024/25 which highlighted evidence of senior officers and an elected member involved in procurement being able to bypass or override the Council's procurement arrangements. We recommended that the Council urgently implement the recommendations made by the CFEU following its investigation. The Council should also ensure that procurement arrangements are periodically reviewed.

No further significant weaknesses in the Council's arrangements were identified.

The details of the results of the Value for Money work are reported separately in our Auditor's Annual Report, which was presented to the committee in December 2026.

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 not yet completed the limited procedures required in the National Audit Office's group instructions in respect of our work on the Council's WGA submission. This will be done alongside issuing the audit opinion on the Council's accounts.

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 2024/25 audit is set out below:

	Fee proposed at planning stage (£)	Final fee (subject to approval by PSAA) (£)
PSAA scale fee 2024/25	151,327	151,327
Fee variation 1 – Additional procedures for the implementation of IFRS 16	TBC	4,982
Fee variation 2 – VFM: additional procedures in relation to the procurement significant weakness including meetings/ discussions with senior officers and elected members and review of the Council's own internal investigation as well as internal consultation in line with our internal procedures. See paragraph at the top of Page 17.		7,475
Total (excluding VAT)	**TBC**	**163,784**

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 Audit Limited
10 Temple Back
Redcliffe
Bristol
BS1 6FL

[Date]

Dear Sirs and Mesdames

Cotswold District Council

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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 Cotswold District Council (the Council) financial statements for the year ended 31 March 2025. 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 2024/25 (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 affecting 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, and pension liability.

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]

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: • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: • enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud.	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: • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management; • written representations that we are seeking; • expected modifications to the audit report; and • 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.	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

This document is confidential to: Cotswold District Council

ICAEW CHARTERED ACCOUNTANTS

KRESTON GLOBAL

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bishopfleming.co.uk

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COTSWOLD
District Council

STATEMENT OF ACCOUNTS 2024/25

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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 in May 2023 where the Liberal Democrats retained political control. The political make-up of the Council from May 2023 included 21 Liberal Democrats, ten Conservatives, two Green Party and one Independent Councillor.

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 2024/25.

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

Items of note in relation to 2024/25 include:

<u>Delivering good services</u>

- Delivered a programme to bring Council services back in house, maximising responsiveness and democratic accountability. Phase 1 completed in November 2024 and the comprehensive Phase 2 Publica Transition Plan was presented to Cabinet and Full Council in March 2025, where it received full approval. Formal consultation with employees affected by Phase 2 commenced in April, with their transfer to Council employment scheduled to take effect from July 2025.

<u>Responding to the climate crisis</u>

- The Council has partnered with Gloucestershire authorities to launch a retrofit support service, live since January 2025. The service provides energy efficiency plans, vetted installers and project management. Cotswold District Council has also employed a Retrofit Engagement Officer, who will offer community events and free home visits until September 2025 to promote energy efficiency and renewable energy installations. Severn Wye Energy Agency (SWEA) will provide free energy advice to low-income households through the Warm and Well Scheme for the next five years.
- Cotswold Home Solar is being actively promoted and delivered, with 27 households having already installed solar panels. Additionally 18 more households have placed deposits for installation.
- The Ecology team have focused on implementing the new Biodiversity Net Gain (BNG) legislation. Decisions have been issued for some cases with non-significant on-site BNG, and the first biodiversity gain condition compliance application has been received. Drafting of Section 106 agreements is underway. An additional Biodiversity Officer has been appointed to increase capacity for BNG, Habitat Regulations Assessment (HRA), the ecological emergency, and mandatory biodiversity action planning and monitoring for all Council services, as well as work on the Local Plan review.

<u>Delivering housing</u>

- The Strategic Housing Manager is developing strategies and options for a more interventionist approach to housing delivery. This includes fostering collaborations with landowners, developers, and Registered Providers to enhance housing availability and effectiveness. Additionally, a pipeline of potential Rural Exception Sites is being developed

- Work is ongoing to support all refugees, whether through a resettlement scheme or dispersed asylum. In addition to ensuring that families and individuals are properly housed and continuous wraparound support is being provided to aid with resettlement and foster community cohesion.
- The Cotswold Housing First project to end rough sleeping and provide a secure home and tailored support is widely recognised across the county as an exemplary model for projects of this type. Its success rates exceed national averages, and the Housing team continues to collaborate closely with Bromford Housing Association and P3 to ensure its ongoing success.
- Planning consent for the zero-carbon affordable housing development in Down Ampney was granted on 12th March 2025, but Bromford needs to address issue with the surface water drainage design and coordinate with Thames Water on infrastructure upgrades. These factors may delay the start of work to 2027

<u>Supporting communities</u>

- The first two of fourteen 'Strengthening Communities' events took place over February half term, bringing together statutory and community organisations to promote services in the district larger settlements. These events focus on empowering residents to engage in positive local activity, with strong support from health partners. The team also worked with partners to secure the local Digi-hubs contract from the Churn and Cotswold Friends, ensuring continued digital inclusion support across the district.
- The Spring Round of Crowdfund Cotswold closed on 9th April 2025. The February project creator workshop was well attended and generated several ideas expected to come forward later this year or early next. Supported activity echoes the pattern from previous rounds, covering community buildings and physical and cultural activity.
- The Unsung Hero Awards scheme, designed to recognise the efforts of volunteers across the district who dedicate their time to helping others, was launched in July. Awards were presented at Full Council in September and January.
- The installation of cycle parking concluded, with a total of 78 racks installed across the area, and across a wide range of destinations, ranging from community assets to new or established businesses.
- The first campaign, using the online toolkit LIFT (Low Income Family Tracker) ran in December and focused on identifying benefits customers likely to qualify for Pension Credit and, consequently, Winter Fuel Allowance

<u>Supporting the economy</u>

- Officers continue to work with businesses from key sectors, including agritech, cyber/digital, and sustainable aviation, to promote employment opportunities. Discussions with key stakeholders about promoting apprenticeship opportunities are ongoing, and a campaign is planned once the new government's intended changes to apprenticeships have been announced.
- The final version of the refreshed Green Economic Growth Strategy was adopted by Cabinet in March 2025.
- 14 projects have been allocated funding by the Rural England Prosperity Fund (REPF) grant scheme for village halls. A number have been completed and others are at various stages of delivery.
- The outline planning application for the Royal Agricultural University's Innovation Village is currently progressing through the process. Officers and representatives from the RAU and its advisers have met to resolve outstanding issues, including comments from consultees.
- Officers meet monthly with representatives from the RAU and Growth Hub to monitor progress, with performance currently on track to meet targets. Cirencester Growth Hub remains one of the most successful in the network by several measures. Outreach Navigators continue to operate across the district, holding well-attended events and discovery meetings at the Moreton Area Centre. Cabinet has approved a further year of funding for 2025–26

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 leading to a Detailed Transition Plan having been prepared.

Phase 1 included the following services:

- Democratic Services and Elections
- Forward Planning
- Development Management
- Ecology
- Conservation, Heritage and Design
- Building Control
- Economic Development
- Tourism
- Communities and Wellbeing
- Climate Change
- Strategic Finance
- Communications
- Strategic Housing
- Corporate Planning, Policy and Partnerships
- Executive Assistant and Support.

Following the approval of the Detailed Transition Plan by Council in July 2024 Phase 1 of the transition completed in November 2024. A Detailed Transition Plan for Phase two (Project Management, Leisure Management, Property and Estates and Waste & Recycling) was approved by Council in March 2025 with full transfer to Council employment completed in July 2025.

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.
- 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.

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 4-year MTFS, the latest being approved by Council on 24th February 2025. Despite uncertainties around Local Government Funding Reforms, the continued pressure on households from the cost of living crisis, and the general economic position, the Council has prepared a sound budget whilst maintaining services to residents.

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 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 £7.44m in 2025/26 with the Council needing to consider the outcome of due diligence work on other potential schemes before any further capital expenditure is committed.

Cabinet with support from 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 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. All reserves will be monitored and reported to Cabinet throughout 2025/26 and will be reprioritised where appropriate.

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

MTFS Summary	2025/26	2026/27	2027/28	2028/29
	£000s	£000s	£000s	£000s
Net Service Revenue Expenditure	17,241	17,241	17,241	17,241
Corporate Items/Non-Service Income and Expenditure	(1,154)	(459)	169	121
Transfer to/(from) earmarked reserve	(620)	(1,259)	(13)	37
Provision for Inflation	0	629	1268	1,903
Service and Corporate Items	**15,467**	**16,152**	**18,665**	**19,302**

Budget Pressures	597	763	564	464
Savings and Transformation Plan items	(359)	(1,340)	(1,551)	(1,766)
Net Revenue Budget	15,704	15,575	17,678	18,000
Total Funding	(16,342)	(13,986)	(12,797)	(11,718)
Budget Gap/(Surplus)	**(638)**	**1,589**	**4,880**	**6,282**

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 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 £5.117m in 2025/26. 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 draft position on the Collection Fund is a deficit of £2.03m of which £0.809m is Cotswold’s share. In order to mitigate the impact this would have on the 2025/26 revenue budget (the deficit would reduce the level of funding), an equal amount will be transferred from the Business Rates risk reserve and Section 31 grant reserve.

This year’s accounts include a transfer of £2.078m S31 grant, business rate surplus and business rate pool surplus to earmarked reserves to fund future Collection Fund deficits payable.

The table below sets out the forecast for 2025/26.

Business Rates Forecast	**2024/25**
	£000s
Non-Domestic rating income (NNDR 1 estimate)	14,754
Less: Tariff Payment to Government	(13,444)
Less Estimated Levy Payment to Government	(1,628)
Add Renewable Energy Scheme	268
Estimated Retained Business Rates	(50)
Section 31 Grant Payable	5167
TOTAL Funding from Business Rates	5,117
Assumed BRR Included in MTFS	5,117

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 and/or Business Rate Risk Reserve for 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.

MHCLG proposed a maximum Council Tax increase of 2.99% or £5 for 2025/26. The MTFS assumes increases of £5 per annum on a Band D property to 2028/29.

Financial Assumptions

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

- Pay inflation of 3% (Publica) and 3% (Ubico plus a further 1% held by CDC as a contingency)
- Price inflation on major contracts (Publica and Ubico) utilities and IT cost (in line with the approach set out in the Budget Strategy) of 3%. Additional inflationary provision has been made in the budget and across the MTFS period recognising energy price rises.
- An increase of £0.266m has been reflected in fees and charges that have been subject to review or increased in-line with the September 2024 CPI inflation rate of 1.7%.
- 55% 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 3.74% per annum (Excluding the impact of Second Home premiums the increase is 1.83)
- Income pressures: Waste and Recycling material sales, Car Park penalty charges.
- The MTFS has been prepared against the emerging position regarding the Publica Review. The net cost of phase one for a full year was estimated at £0.481m with phase two forecast to cost £0.300m. The broad assumptions for the purposes of the 2025/26 budget and over the medium term is that service costs remain within the financial envelope set out over the MTFS period.

Savings

The level of savings set out in the MTFS does not meet the budget gap identified. The Financial Resilience Reserve is being used to balance the budget in the short-term and will be depleted during 2027/2028.

Local Government Reorganisation (LGR) in the English Devolution white paper, and the proposals for Local Government Finance reform will exert significant over the prospects for the Council finances over the MTFS period.

To ensure the Council is able to set a balanced budget for the 2025/26 financial year, savings have been included where proposals are robust and can be delivered. The table below provides a summary of the savings included in the MTFS.

Savings	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)
Corporate Savings and Income	(221)	(746)	(746)	(746)
Expenditure Savings	(327)	(327)	(327)	(327)
Fees and Charges	(281)	(508)	(720)	(934)
Subtotal	**(829)**	**(1,581)**	**(1,793)**	**(2,007)**

The Cabinet Transform Working Group (CTWG) 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 to ensure service costs are contained within the financial envelope set out in the MTFS.

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 Progamme	2025/26	2026/26	2027/28	2028/29
	£000s	£000s	£000s	£000s
Leisure & Communities	0	500	0	0
Housing/Planning and Strategic Housing	1,718	1,839	2,231	1,775
Environment	1,132	5,255	1,826	205
ICT, Change and Customer Services	350	150	150	150
UK Shared Prosperity Fund Projects	327	0	0	0
Land, Legal and Property	500	0	0	0
Total	4,027	7,744	4,208	2,130

The capital programme includes 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 developed an Asset Management Strategy supported by Carter Jonas during 2024/25. This was presented to Cabinet in May 2024 and is being further developed to include detailed asset management plans and Minimum Efficiency Standards (MES) consideration for the Land Building assets it holds. The emerging strategy provides a longer-term view of the income and expenditure and profiles, tenant events, hold and disposal options. The strategy will help to ensure that the Council's capital assets are maintained, developed and continue to contribute effectively to the delivery of the Council services to support the local economy or provide income in line with expectations. Where there are opportunities to use assets more effectively to deliver Council Priorities, business cases will be presented to Council or Cabinet for approval.

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.

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

Financial Performance

At the 31 March 2025, the Council reported an underspend of £0.262m against budgeted surplus of £0.516m. This has resulted an additional £0.262m being transferred to the 'Transformation and Change' reserve to support future transformation work. .

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 £0.388m) and underspend in respect of Publica contract of £0.277m (net of savings target). As well as vacancy savings (net of agency spend) of £0.227m.

Overspends were reported in respect of Elections costs, Planning Staff Agency costs, postage and printing and recruitment, whilst income was underachieved within parking fines and permits, Building Control, Cemeteries Land Charges, public conveniences and from commercial property.

Further details of the outturn position and variances against budget for the 2024/25 financial year is reported in the Financial Performance Report reviewed by Cabinet on the 10th July 2025.

Pensions Liability

The net pension liability as of 31 March 2025 was £13.121m (£12.023m as of 31 March 2024). 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.

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 £13.121m being included within the balance sheet for 2024/25.

Prior to the Asset Ceiling adjustment the Council's share of pension fund assets had increased by £2.985m and the liability reduced by £13.642m, resulting in the overall net liability reducing by £16.627m.

The decrease in the value of the pension liability was due to changes in financial assumptions made by the actuary

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 2024/25 the Council spent £7.122m against a revised budget of £7.550m on:

Capital Programme	£'000
Investment in Leisure Centre	1,431
Crowdfund Cotswold	20
Private Sector Housing Renewal Grants (DFG)	1,811
Affordable Housing Stockwells, MiM (S106)	291
Cottsway Housing Association Loan	414
Ubico Fleet Replacement (recycling and waste vehicles)	1,150
Waste and Recycling Containers	57
Electric vehicle charging points	79
Changing Places Toilets	53
UK Shared Prosperity Fund Projects	216
UK Rural Prosperity Fund Projects	752
ICT Capital	138
Asset Management Strategy	242

Trinity Road Carbon Efficiency Works	244
Trinity Road Roof Work	13
Trinity Road Agile Working	211
TOTAL	**7,122**

Significant expenditure included investment in Cirencester Leisure Centre of £1.431m. Other capital expenditure includes the purchase of waste and recycling vehicles of £1.150m and private sector housing renewal grants (DFG) awarded totalling £1.811m.

Not all schemes planned for the year were undertaken including:

- Spa Pool, Bourton Leisure Centre – budget of £0.034m. Works delayed to 2025/26.
- Cotswold Crowdfund capital budget of £0.030m
- Disabled Facility Housing Adaption budget of £0.127m
- A balance of £0.172m Trinity Road Carbon Efficiency Works and Agile Project remained unspent at 31 March 2025, this will be carried forward to the 2025/26 Asset Management Strategy Budget.
- Ubico vehicle replacement allocation of £0.019m was not spent during 2024/25.

There is total committed expenditure in relation to the projects listed of £0.565m and Capital Programme budgets have been carried forward into 2025/26 to fund ongoing projects.

Capital Receipts

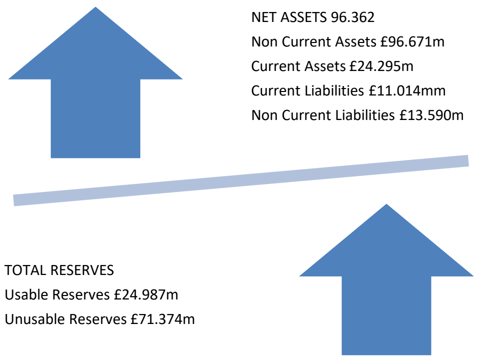
All capital receipts are transferred to the Capital Receipts Reserve to fund future capital expenditure. During 2024/25 this includes payments made to the Council from Ubico for the lease of waste and recycling vehicles (£0.750m) and capital loan repayments from Cottsway Housing Association (£0.241m).

Reserves and Balances

At the year-end usable reserves stood at £24.987 million, an increase of £2.839 million during the year.

Of the usable reserves at the year-end, non-earmarked General Reserves or ‘Balances’ were maintained at £1.760 million. Earmarked Reserves increased by £2.482m Movements in 2024/25 include £0.516m budgeted transfer of surplus to the ‘Financial Resilience Reserve’ and £0.262m of unbudgeted additional surplus to the ‘Transformation and Change’ reserve to provide funding to support the Council’s Savings and Transformation programme.

The Business Rate Smoothing reserve includes S31 grant provided by the government to compensate for lost business rate income due to discounts and reliefs awarded to businesses during the year, £2.078m million of unused grant and surplus NNDR income has been transferred to the Business Rate Risk reserve to fund future Collection Fund deficits.



- £1.819m increase in Property Plant and Equipment
- £1.005m increase in non-current debtors
- £1.508m decrease in current investments
- £1.488m increase in debtors
- £3.764m decrease in cash and cash equivalent
- £1.098m increase in pension liability
- £2.924m increase in earmarked reserves
- £2.388m decrease in capital receipts reserve
- £2.302m 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 3 days to process against a target of 5.
- 0.31% of Housing Benefit overpayment were due to LA error/admin delay (0.35% target).
- 98% Customer satisfaction for telephone (90% target)
- 100% satisfaction for face to face customer satisfaction (90% target)
- 94% of major, 90% of minor and 87% of other planning applications were determined within agreed timescales (including extension of time agreements).

- 21% of planning appeals were allowed (target of 30%)
- Planning income was above target
- 92% of official land charges searches were completed within 10 days (90% target)
- 100% of high-risk food premises notifications were risk assessed within target timescales (95% target)
- Gym memberships are above target at 4,441 (4,000 target).
- 539,319 visits to the leisure centres (493,500 target)
- 348kg of residual household waste per household (383g target).

Ten indicators fell short of their annual targets; four within Revenues and Benefits; two Development Management indicators, one Customer Experience indicator and three Waste and Environment indicators.

Revenues, Benefits and Housing
- 97.45% NNDR collection rate (99% target).
- 98.18% Council Tax collection rate (narrowly missed 99% target).
- Took on average 23 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).

Development Management
- 56 Affordable homes delivered (100 target).
- Total income from Planning Pre-Application advice of £0.122 (£0.142m target).

Customer Experience
- 88% of Freedom of Information (FOI) requests answered within 20 days (90% target)

Waste and Environment
- 87% of high-risk food premises assessed within target timescales (95% target).
- 57% of household waste recycled (60% target).
- Missed bins per 1,000 were above target at 170 (80 target).

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

Risk Management

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 and Governance Committee. A detailed review was undertaken in 2024/25 to ensure the Risk Register reflected the strategic risks for the council. A revised Risk & Opportunities Strategy was presented to Audit and Governance Committee in May 2025.

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. Risk is reviewed by the councils senior leadership team.

The Corporate Risk Register was updated during 2024/25 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 2024/25 included no primary 'residual' risks after mitigating factors had been taken into consideration.

Facing the Challenges Ahead

The Council has approved an ambitious Corporate Strategy for delivery to 2028 and has developed a Medium-Term Financial Strategy that sets out the financial envelope for the delivery of that plan.

The level of uncertainty across the sector makes it more difficult to plan for the medium term. The white paper published in December 2024 proposes fundamental changes to the way local government is organised in two-tier areas. Councils in Gloucestershire are currently developing three options which will be submitted to Government by 28th November 2024. This includes a single unitary, and two different options which would result in two unitary authorities within the County. Changes could take place as early as April 2028 with shadow authorities potentially in place a year before.

Whilst LGR presents a once in a generation opportunity to shape and strengthen the future of public services, it also presents a major challenge in the years ahead. Not only in terms of work involved in developing options but also in delivering the Council's key priorities over the next three years.

Local Government Finance reforms, originally due to be implemented from April 2020, are now planned from April 2026. The Government launched a consultation on" Local authority funding reform: objectives and principles" in December 2024. This sets out the government's proposed approach and should be viewed in the context of the white paper on devolution. The second consultation on local government funding reforms, 'Fair Funding Reivew 2.0' closes on 15th August 2025 and includes the 'resetting' of the business rates retention system. The reforms will have a significant impact on the level of funding the Council receives from the Government (circa £3m). It is likely that resources (funding) will be directed towards high-need/low taxbase authorities from low need/high taxbase authorities.

Furthermore, the resetting of the Business Rates Retention System, cessation of New Homes Bonus, and the interaction with the Devolution white paper would suggest that Shire District Councils such as Cotswold are likely to see significant reductions in their funding and has formed the basis of funding assumptions in the MTFS for several years. The proposed changes will be implemented over three years from 2026/27 to 2028/29.

Risks remain around the continued impact on the Council from pressures within the wider economy including cost-of-living crisis and the general economic position. This will have an impact on income and expenditure budgets during 2025/26 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 2025/26 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.

The requirement to reduce costs and balance the budget in later years of the MTFS are substantial.

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 CTWG will need to further develop the approach to the Council's Savings AND Transformation Programme to address the budget gap identified over the MTFS period. This will need to include consideration of a service design framework to ensure service costs are contained within the financial envelope set out in the MTFS

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.

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 2025. 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 2024/25, 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 2025.

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

The Authority's responsibilities

The Authority is required to:

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

The Chief Finance Officer's responsibility

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

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

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

The Chief Finance Officer has also:

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

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2025.

____________________ Date: 18/7/25

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

2023/24 Gross Expenditure £	2023/24 Gross Income £	2023/24 Net Expenditure £		Note	2024/25 Gross Expenditure £	2024/25 Gross Income £	2024/25 Net Expenditure £
			Shared Services				
1,111,354	(526,625)	584,729	Environmental and Regulatory Services		1,229,002	(563,247)	665,755
1,870,071	(717,397)	1,152,674	Business Support Services		1,876,844	(554,421)	1,322,423
2,361,523	(155,528)	2,205,995	ICT, Change and Customer Services		2,536,908	(181,577)	2,355,331
1,421,739	(642,437)	779,302	Assets Property and Regeneration		1,284,834	(569,955)	714,879
130,645	0	130,645	Publia Executive and Modernisation		138,238	0	138,238
15,818,965	(15,147,455)	671,510	Revenues and Housing Support Services		16,328,739	(15,618,071)	710,668
			Strategic Directors				
1,508,358	(136,438)	1,371,920	Democratic Services		2,103,134	(829,753)	1,273,381
11,176,902	(6,094,120)	5,082,782	Environmental Services		11,530,664	(6,849,127)	4,681,537
3,209,035	(1,111,291)	2,097,744	Leisure and Communities Services		4,375,134	(2,146,031)	2,229,103
4,693,989	(2,465,324)	2,228,665	Planning and Strategic Housing Services		4,333,334	(3,252,550)	1,080,784
2,483,077	(1,407,790)	1,075,287	Retained and Corporate Council Services		2,499,173	(1,411,034)	1,088,139
45,785,658	**(28,404,405)**	**17,381,253**	**Cost of Services**		**48,236,004**	**(31,975,766)**	**16,260,238**
4,061,250	(227,076)	3,834,174	Other Operating Expenditure	*B3*	4,625,628	0	4,625,628
1,394,365	(2,482,213)	(1,087,848)	Financing and Investment Income and Expenditure	*B4*	1,603,877	(2,477,601)	(873,724)
0	(19,797,604)	(19,797,604)	Taxation and Non-Specific Grant Income	*B5*	0	(23,165,169)	(23,165,169)
51,241,273	**(50,911,298)**	**329,975**	**(Surplus) / Deficit on Provision of Services**	*B1/B2*	**54,465,509**	**(57,618,536)**	**(3,153,027)**
		(14,575,131)	(Surplus) / deficit on revaluation of non current assets				(1,911,661)
		47,100	(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				262,900
		6,029,000	Remeasurement of the net defined benefit liability				1,975,000
		0	Other movements				(53,142)
		(8,499,031)	**Other Comprehensive Income and Expenditure**				**273,097**
		(8,169,056)	**Total Comprehensive Income and Expenditure**				**(2,879,930)**

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Movement in Reserves Statement

	Note	Usable Reserves General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
Balance at 31 March 2023		**(1,760,936)**	**(8,991,453)**	**(8,821,149)**	**(3,596,015)**	**(23,169,553)**	**(62,113,597)**	**(85,283,150)**
Movements in reserves 2023/24		(165,181)	165,180	0	0	(1)	0	**(1)**
Transfer from General Fund		(597,936)	597,936	0	0	0	0	**0**
Total Comprehensive income and expenditure		329,846	0	0	0	329,846	(8,499,031)	**(8,169,185)**
Adjustments between accounting basis & funding basis under regulations	*C1*	434,207	0	1,723,158	(1,466,491)	690,874	(720,175)	**(29,301)**
(Increase) / Decrease in Reserves 2023/24		**936**	**763,116**	**1,723,158**	**(1,466,491)**	**1,020,719**	**(9,219,206)**	**(8,198,487)**
Balance at 31 March 2024		**(1,760,000)**	**(8,228,337)**	**(7,097,991)**	**(5,062,506)**	**(22,148,834)**	**(71,332,803)**	**(93,481,636)**
Movements in reserves 2024/25		2,146,084	(2,146,084)	0	0	0	0	**0**
Transfer from General Fund		778,064	(778,064)	0	0	0	0	**0**
Total Comprehensive income and expenditure		(3,153,027)	0	0	0	(3,153,027)	273,097	**(2,879,930)**
Adjustments between accounting basis & funding basis under regulations	*C1*	228,468	0	2,388,414	(2,302,155)	314,727	(314,727)	**0**
(Increase) / Decrease in Reserves 2024/25		**(411)**	**(2,924,148)**	**2,388,414**	**(2,302,155)**	**(2,838,301)**	**(41,630)**	**(2,879,930)**
Balance at 31 March 2025		**(1,760,411)**	**(11,152,485)**	**(4,709,576)**	**(7,364,662)**	**(24,987,134)**	**(71,374,432)**	**(96,361,567)**
			C2					

Balance Sheet

31 March 2024 £		Note	31 March 2025 £
74,401,391	Property, Plant & Equipment	D1	76,220,288
17,000	Heritage Assets		17,000
4,875,000	Investment Property	D2	4,205,000
14,582	Intangible Assets	D3	9,320
10,398,824	Non-Current Investments	E2	10,264,350
4,949,807	Non-Current Debtors	D4	5,954,607
94,656,603	**Non-Current Assets**		**96,670,564**
2,374,223	Investments	E2	3,881,878
0	Assets Held for Sale	D9	584,650
21,272	Inventories		19,175
9,402,804	Debtors	D5	10,890,881
12,682,980	Cash and Cash Equivalents	E2	8,918,700
24,481,279	**Current Assets**		**24,295,284**
(97,662)	Borrowing	E2	(102,006)
(8,065,139)	Creditors	D6	(7,373,824)
(2,735,147)	Creditors - s.106 balances	D6	(2,265,386)
(1,020,756)	Capital Grants Receipts in Advance	B8	(190,562)
(1,241,715)	Provisions	D7	(1,082,351)
(13,160,419)	**Current Liabilities**		**(11,014,129)**
(12,023,000)	Pension Liability	E1	(13,121,000)
(118,257)	Non-Current Creditors		(216,590)
(94,976)	Capital Grants Receipts in Advance	B8	(94,976)
(259,593)	Borrowing	E2	(157,587)
(12,495,826)	**Non-Current Liabilities**		**(13,590,153)**
93,481,637	**Net Assets**		**96,361,566**
(22,148,834)	Usable Reserves	C2	(24,987,134)
(71,332,803)	Unusable Reserves	C3	(71,374,432)
(93,481,637)	**Total Reserves**		**(96,361,566)**

The unaudited accounts were issued on the 18 July 2025

David Stanley
Chief Finance Officer

Cash Flow Statement

	Note	2023/24 £	2024/25 £
Net surplus or (deficit) on provision of services		(329,975)	3,153,027
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	*F1*	(453,379)	(849,812)
Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	*F2*	(3,555,136)	(6,857,694)
Net cash flows from Operating Activities		**(4,338,490)**	**(4,554,478)**
Investing Activities	*F3*	4,921,374	887,860
Financing Activities	*F4*	(109,270)	(97,662)
Net increase or (decrease) in cash and cash equivalents		**473,614**	**(3,764,280)**
Cash and cash equivalents at 1 April		12,209,366	12,682,980
Cash and cash equivalents at 31 March		**12,682,980**	**8,918,700**
Comprising:			
Cash and bank current accounts		544,662	672,147
Money Market Funds		9,039,329	8,192,605
Short Term Deposits (Call Accounts)		3,098,989	53,948
		12,682,980	**8,918,700**

Notes to the Comprehensive Income and Expenditure Statement

B1. Expenditure and Funding Analysis

	2024/25					
	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 £
Shared Services						
Environmental and Regulatory Services	665,755	(25,394)	0	640,361	12,639	653,000
Business Support Services	1,322,423	(30,115)	0	1,292,308	7,692	1,300,000
ICT, Change and Customer Services	2,355,331	(47,037)	0	2,308,294	19,706	2,328,000
Assets Property and Regeneration	714,879	(136,906)	0	577,973	128,027	706,000
Publica Executive and Modernisation	138,238	(2,650)	0	135,588	(13,588)	122,000
Revenues and Housing Support Services	710,668	(70,223)	0	640,445	5,556	646,001
Strategic Directors						
Democratic Services	1,273,381	(55,239)	0	1,218,142	26,858	1,245,000
Environmental Services	4,681,537	(640,011)	0	4,041,526	634,474	4,676,000
Leisure and Communities Services	2,229,103	(894,184)	0	1,334,919	884,081	2,219,000
Planning and Strategic Housing Services	1,080,784	(48,814)	0	1,031,970	21,030	1,053,000
Retained and Corporate Council Services	1,088,139	1,387,471	0	2,475,610	579,390	3,055,000
Cost of Services	**16,260,238**	**(563,103)**	**0**	**15,697,135**	**2,305,865**	**18,003,000**
Other Income and Expenditure	(19,413,265)	791,571	2,146,084	(16,475,610)	(2,305,390)	(18,781,000)
(Surplus) / Deficit on Provision of Services	**(3,153,027)**	**228,468**	**2,146,084**	**(778,475)**	**475**	**(778,000)**
Surplus reported to Management						**(778,000)**
Opening General Fund Balance (Unallocated) at 1 April				(1,760,000)		
(Surplus) / Deficit for the year				(778,475)		
Transfer to Financial Resilience Reserve and Transformation Reserve				778,064		
Closing General Fund Balance (Unallocated) at 31 March				**(1,760,411)**		

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	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 £**
Shared Service						
Environmental and Regulatory Services	584,729	(36,073)	0	548,656	16,778	565,434
GO Shared Services	1,152,674	(39,183)	0	1,113,491	8,953	1,122,444
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
Covid Grants	0	0	0	0	0	0
Strategic Directors						
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	(78,027)	0	2,150,638	(70,414)	2,080,224
Retained and Corporate Council Services	1,075,287	1,699,793	0	2,775,080	(117,643)	2,657,437
Retained and Corporate Council Services - Covid	0	0	0	0	0	0
Cost of Services	**17,381,253**	**(579,870)**	**0**	**16,801,383**	**1,758,582**	**18,559,965**
Other Income and Expenditure	(17,051,278)	1,014,076	(165,181)	(16,202,383)	(1,747,581)	(17,949,964)
(Surplus) / Deficit on Provision of Services	**329,975**	**434,206**	**(165,181)**	**599,000**	**11,001**	**610,001**
Budgeted transfer from General Fund - Contribution to Glos LGPS						
Surplus reported to Management						**610,001**
Opening General Fund Balance (Unallocated) at 1 April				(1,760,000)		
(Surplus) / Deficit for the year				599,000		
Transfer to Financial Resilience Reserve				(599,000)		
Closing General Fund Balance (Unallocated) at 31 March				**(1,760,000)**		

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:

	2024/25						
	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 £
Shared Service							
Environmental and Regulatory Services	10,861	11,553	2,980	25,394	10,861	1,778	12,639
Business Support Services	5,890	19,750	4,475	30,115	5,890	1,802	7,692
ICT, Change and Customer Services	19,793	27,244	0	47,037	19,793	(87)	19,706
Assets, Property and Regeneration	127,940	8,966	0	136,906	127,940	87	128,027
Publica Executive and Modernisation	553	2,097	0	2,650	553	(14,141)	(13,588)
Revenues and Housing Support Services	51,499	18,724	0	70,223	44,959	(39,403)	5,556
							0
Strategic Directors							0
Democratic Services	26,529	22,800	5,909	55,239	26,529	329	26,858
Environmental Services	636,617	2,463	931	640,011	636,617	(2,143)	634,474
Leisure and Communities Services	893,810	(10,039)	10,413	894,184	883,810	271	884,081
Planning and Strategic Housing Services	20,928	7,033	20,852	48,814	20,928	102	21,030
Retained and Corporate Council Services	126,889	(1,531,174)	16,814	(1,387,471)	2,925	576,465	579,390
Cost of Services	**1,921,310**	**(1,420,582)**	**62,375**	**563,103**	**1,780,805**	**525,060**	**2,305,865**
Other Income and Expenditure	(1,893,676)	544,000	558,105	(791,571)	(1,780,805)	(524,585)	(2,305,390)
(Surplus) / Deficit on Provision of Services	27,634	(876,582)	620,480	(228,468)	0	475	475

	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 £
Shared Service							
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
Strategic Directors							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)
Cost of Services	**2,080,870**	**(1,501,000)**	**0**	**579,870**	**1,761,369**	**(2,787)**	**1,758,582**
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

	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
	£	£	£	£	£	£	£
Joint Committee							
Environmental and Regulatory Services	16,778	19,295	0	36,073	16,778	0	16,778
GO Shared Services	8,953	30,230	0	39,183	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
Revenues - Covid Grants			0	0			0
Strategic Directors							
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)
Retained and Corporate Council Services - Covid	0	0	0	0	0	0	0
Cost of Services	**2,080,870**	**(1,501,000)**	**0**	**579,870**	**1,761,369**	**(2,787)**	**1,758,582**
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**

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

	2023/24 £	2024/25 £
Expenditure		
Employee benefits expenses	1,547,435	4,286,599
Publica Contract Charge	10,726,252	9,184,054
Housing Benefit & other transfer payments	12,465,118	12,520,154
Other service expenses	16,529,313	16,707,739
Depreciation, amortisation and impairment	2,092,103	1,803,640
Interest payments and similar expense	644,608	417,843
Precepts and Levies	4,061,250	4,625,628
Other expenditure	3,175,195	4,919,758
Total Expenditure	**51,241,274**	**54,465,415**
Income		
Fees, charges & other service income	(10,404,920)	(12,392,614)
Housing Benefit Subsidy	(11,878,711)	(12,122,735)
Other Government Grants	(10,434,812)	(14,065,003)
Income from Council Tax	(10,446,672)	(11,318,060)
Income from Non Domestic Rates	1,160,543	1,158,775
Non Government Grants & Contributions	(6,206,138)	(6,118,901)
Investment interest and similar income	(2,404,235)	(1,704,465)
Other income	(296,353)	(1,055,439)
Total Income	**(50,911,298)**	**(57,618,442)**
(Surplus) / Deficit on Provision of Services	**329,976**	**(3,153,027)**

B3. Other Operating Income & Expenditure

	2023/24 £	2024/25 £
Gains on disposal of non current assets	0	0
Unattached capital receipts	(222,136)	0
Town and Parish Council precepts	4,061,250	4,625,628
Other receipts	(4,940)	0
	3,834,174	**4,625,628**

B4. Financing and Investment Income and Expenditure

	2023/24 £	2024/25 £
Interest payable and similar charges	12,755	8,100
Interest receivable and similar income	(1,773,632)	(1,686,188)
Changes in fair value of financial assets	(71,223)	(187,649)
Movement in impairment allowance for doubtful debts	314,853	67,167
Movement in the fair value of investment property	502,000	670,000
Net investment property (income) / expenditure	(382,172)	(259,187)
Net income from other properties (income)/expenditure	2,571	(29,967)
Net interest on the net defined benefit pension liability	307,000	544,000
	(1,087,848)	**(873,724)**

B5. Taxation and Non Specific Grant Income

	2023/24 £	2024/25 £
National Non Domestic Rates		
- Redistribution	(237,870)	(163,034)
-Renewable Energy	(111,297)	(267,468)
-Business Rate Levy	1,433,138	1,494,500
Surplus from the Pool	(440,690)	(479,614)
- (Surplus) / Deficit	517,262	519,066
	1,160,543	**1,103,450**
Council Tax income	(10,446,672)	(11,318,060)
Non-ringfenced government grants	(10,511,474)	(12,950,559)
	(19,797,603)	**(23,165,169)**

B6. Members’ Allowances

	2023/24 £	2024/25 £
Allowances	319,568	329,615
Expenses	4,470	3,964
	324,038	**333,579**

B7. External Audit Costs

The Council's appointed auditor from 2024/25 is Bishop Fleming LLP, the Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

Additional audit fees in respect of both the 2023/24 and 2024/25 certification of the housing benefit subsidy return payable to KPMG LLP are also disclosed below.

	2023/24 £	2024/25 £
Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year:		
Scale Fee	136,941	151,327
Increases to Scale Fee 2023/24		14,495
Fees payable to external auditor for the certification of grants claims and returns for the year	48,881	34,000
Additional fees payable relation to 2022/23 certification of grants	14,487	
	200,309	**199,822**

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.

B8. Grant Income

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

	2023/24 £	2024/25 £
Revenue grants credited to Cost of Services		
Housing Benefit Subsidy	(11,742,134)	(11,674,954)
Housing Benefit and Council Tax Administration Subsidy	(159,304)	(156,052)
Discretionary Housing Benefit	(71,000)	(71,242)
Other Housing Benefit	(42,225)	(37,871)
Homeless Prevention	(300,922)	(308,606)
Rough Sleeping	0	(4,385)
NNDR Cost of Collection Allowance	(194,453)	(196,273)
Local Plans Fund	0	(227,963)
Energy Support Scheme Alternative Funding and Alternative Fuel Scheme - New Burdens	(35,600)	0
UK shared Prosperity Fund	(182,525)	(437,017)
Biodiversity Net Gain	(53,614)	(26,807)
General Election	0	(541,298)
PCC Elections	(32,313)	(216,408)
Domestic Abuse New Burdens	(35,565)	(36,328)
Business Rates New Burdens	0	(10,207)
Planning Skills Delivery	0	(99,600)
Strengthening Local Communities	(116,000)	(67,528)
Redmond Audit Grant	(19,079)	19,206
Electoral Integrity New Burdens	(56,065)	(18,970)
Flytipping Grant	0	(38,329)
Digital Planning Improvement Grant	0	(50,000)
Neighbourhood Planning Grant	(40,000)	(20,000)
Local Council Tax Support - New Burdens	(9,932)	0
LGA - Local Partnership Funding	(5,000)	0
Pavement Licensing - New Burdens	(3,015)	0
Local Net Zero Fund	0	(5,875)
Storm Henk	0	(2,500)
LG Cyber- Get Cyber Assessment Framework Ready	0	(15,000)
	(13,098,746)	**(14,244,006)**
Grants credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(134,648)	(143,568)
New Homes Bonus	(290,188)	(287,485)
Section 31 NNDR Compensation	(5,716,789)	(6,873,925)
Rural Services Delivery Grant	(706,558)	(818,120)
Services Grant	(75,967)	(13,114)
Funding Guarantee	(1,988,274)	(2,230,732)
Other revenue grants	(8,103)	(8,103)
CIL income (Capital infrastructure)	(1,353,483)	(2,306,541)
Swimming Pool Fund	0	(160,970)
UK Shared Prosperity Fund	0	(83,606)
Other capital grants	(237,464)	(24,395)
	(10,511,474)	**(12,950,559)**

Capital grants credited to Cost of Services in the Comprehensive Income and Expenditure Statement	2023/24 £	2024/25 £
Better Care Fund (Disabled Facilities Grants)	(1,344,331)	(1,811,091)
S.106 Receipts	(290,250)	(290,250)
Changing Places	(70,000)	(52,500)
UK Shared Prosperity Fund	(25,130)	(226,393)
Rural England Prosperity Fund	(11,985)	(752,307)
	(1,741,696)	**(3,132,541)**

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:

	2023/24 £	2024/25 £
Better Care Fund (Disabled Facilities Grants)	(94,976)	(94,976)
	(94,976)	**(94,976)**

B8.b Current - Capital Grants Receipts in Advance

	2023/24 £	2024/25 £
Local Authority Housing Fund	(615,170)	0
Rural England Prosperity Grant	(179,088)	0
EVCP ORCS Grant	(143,700)	(143,700)
EVCP DfT Grant	(15,387)	0
Changing Places Toilets	(52,501)	0
Public Sector Decarbonisation Scheme	(14,457)	(14,457)
Better Care Fund (Disabled Facilities Grants)	0	(31,951)
Other	(453)	(454)
	(1,020,756)	**(190,562)**

B9. Officer Remuneration

Senior Officer Remuneration

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

2024/25					
Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
Chief Executive[1]	112,979	25,013	0	0	137,993
Deputy Chief Executive and Chief Finance Officer [2]	93,913	19,440	0	0	113,353
Director of Governance and Development (Monitoring Officer)[3]	93,913	19,440	0	0	113,353
	300,805	**63,893**	**0**	**0**	**364,698**

2023/24					
Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
Chief Executive[1]	112,298	25,798	0	0	138,096
Deputy Chief Executive and Chief Finance Officer [1]	91,622	18,966	0	0	110,588
Deputy Chief Executive and Chief Finance Officer [2]					
Director of Governance and Development (Monitoring Officer)[3]	91,622	18,966	0	0	110,588
	295,542	**63,730**	**0**	**0**	**359,272**

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

[1] Remuneration excludes Returning Officer payment of £7,867.65 and £1,186.49 of pension contributions (£12,482 and £2,554 pension contributions, 202324).

[2] Remuneration excludes election duties payment of £518.3 (£638.27, 2023/24)

[3] Remuneration excludes election duties payment of £523.72 (£500, 2023/24)

Other Officer Remuneration

The table below shows the number of Council employees whose remuneration exceeded £50,000 during the year. This figure excludes employer contributions to National Insurance and Superannuation. It includes all officers, including Senior Officers. Officers appointed part -way through the year are excluded if their total pay did not exceed the £50,000 threshold

	2023/24	**2024/25**
	No. of Officers including Severance or Other Related Payments'	
£50,000 to £54,999	1	3
£55,000 to £59,999	0	1
£60,000 to £64,999	0	0
£65,000 to £69,999	1	1
£90,000 to £94,999	2	2
£95,000 to £99,999	0	0
£100,000 to £104,999	0	0
£105,000 to £109,999	0	0
£110,000 to £114,999	1	1
Total	**5**	**8**

B10. Termination Benefits

No direct termination payments were made by the Council during 2024/25. However, as an equal shareholder of Publica Group (Support) Limited, the Council contributed £223,336 towards redundancy, payment in lieu of notice (PILON) and pension strain costs (1/3 of the total costs). These costs related to seven termination packages awarded by Publica during the same period, as part of 'Phase One' of the Publica Review. The amounts were charged and accrued in the Comprehensive Income and Expenditure Statement.

Exit Packages

The total costs outlined 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.

All payments were made by Publica Support Ltd. The Council did not agree or pay any exit packages directly.

Notes to the Movement in Reserves Statement

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2024/25			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,797,100)			
Revaluation losses on Property, Plant and Equipment	(130,504)			
Movements in the fair value of Investment Properties	(670,000)			
Capital Grants and Contributions applied	3,401,512			
Revenue Expenditure funded from Capital Under Statute	(3,142,541)			
Non current assets written off on disposal or sale	(1,149,641)			
Accumulated Absences	(62,375)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	1,149,641			
Transfer of capital grants and contributions to capital grants unapplied	2,306,541			(2,306,541)
Unattached Capital Receipts	0			
Statutory Provision for the repayment of Debt	4,461			
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			3,421,083	
Transfer from Deferred Capital Receipts on receipt of cash			(775,168)	
Write down of long term debtor on receipt of loan principal			(257,501)	
Transfer from Capital Grants Unapplied				4,386
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	187,649			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	877,000			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(746,176)			
	228,468	**0**	**2,388,414**	**(2,302,155)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	2023/24			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,777,958)			
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)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	195,094			
Capital expenditure charged against General Fund Balance				
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			
Adjustments to Capital Resources				
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)	
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	71,223			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	0			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	1,194,000			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(48,111)			
	434,206	**0**	**1,723,159**	**(1,467,147)**

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 2024 £	Transfers between £	Transfers Out £	Transfers in £	31 March 2025 £
Financial Resilience Reserve	(2,511,540)	0	297,036	(728,064)	**(2,942,568)**
Council Priority: Transformation and Change	(200,000)			(379,869)	**(579,869)**
Council Priority: Publica Review	(471,023)		362,373		**(108,650)**
Council Priority: Climate Emergency	(250,000)		17,500		**(232,500)**
Climate Priority: Housing Delivery	(750,000)	250,000			**(500,000)**
Council Priority: Local Plan	(907,553)	(250,000)	152,727		**(1,004,826)**
Council Priority: Regeneration and Infrastructure	(200,000)				**(200,000)**
Other Commitments from Council Priorities Fund	(150,793)		68,400		**(82,393)**
Business Rate Risk	0			(2,078,196)	**(2,078,196)**
Business Rates S31 Grant	(495,789)				**(495,789)**
New Burdens Grant	(143,401)	(50,000)	192,841	0	**(560)**
Treasury Management Risk	(150,000)	0	0	(225,000)	**(375,000)**
Asset Management and Property	(350,000)		10,000	(42,000)	**(382,000)**
Homeless	(189,733)	0	0	0	**(189,733)**
Planning	(132,812)		32,942	(422,563)	**(522,433)**
Proptech Consultation Software	(118,029)		50,083		**(67,946)**
CIL Admin	(100,005)			(157,502)	**(257,507)**
Sc111 - Habitat Regulation Assessment	(95,789)			(71,157)	**(166,946)**
Covid/COMF	(202,937)		20,569	0	**(182,368)**
Other earmarked reserves	(808,933)	50,000	223,875	(248,144)	**(783,202)**
	(8,228,337)	**0**	**1,428,346**	**(4,352,495)**	**(11,152,486)**

C3. Unusable Reserves

Summary of Unusable Reserves

	31 March 2024 £	31 March 2025 £
Revaluation Reserve	(48,339,619)	(49,423,486)
Capital Adjustment Account	(32,663,228)	(33,191,454)
Pension Reserve	12,023,000	13,121,000
Deferred Capital Receipts Reserve	(3,482,027)	(3,900,866)
Collection Fund Adjustment Account	127,077	880,754
Pooled Investment Fund Adjustment Account	954,895	767,246
Financial Instruments Revaluation Reserve	47,100	310,000
Accumulated Absences Reserve	0	62,375
	(71,332,802)	**(71,374,431)**

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 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24 £	**2024/25 £**
Opening Balance - 1 April	(34,441,293)	(48,339,619)
Upward revaluation of assets	(15,539,470)	(5,713,264)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	964,340	3,801,602
(Surplus) / Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services	(14,575,131)	(1,911,661)
Difference between fair value and historic cost depreciation	676,804	827,794
Accumulated gains on assets sold	0	0
Amount written off to the Capital Adjustment Account	*676,804*	*827,794*
Closing Balance - 31 March	**(48,339,619)**	**(49,423,486)**

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 1st April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2023/24 £	2024/25 £
Opening Balance - 1 April	(31,825,326)	(32,663,228)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non current assets	1,777,958	1,797,100
Revaluation losses on Property, Plant and Equipment	317,145	130,504
Revenue expenditure funded from capital under statute	1,744,053	3,142,541
Amounts of non-current assets written off on disposal or sale	195,095	1,149,640
	4,034,251	6,219,785
Adjusting amounts written out of the Revaluation Reserve		
Historical cost depreciation adjustment	(676,804)	(827,794)
	(676,804)	(827,794)
Adjustments between Capital & Revenue Resources		
Receipt of loan principal	1,246,500	241,225
Net written out amount of the cost of non current assets consumed in year	**4,603,947**	**5,633,216**
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,074,882)	(3,421,083)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,865,853)	(3,401,512)
Capital grants and contributions applied to capital financing from Capital Grants Unapplied Account	0	(4,386)
Use of General Fund Earmarked Reserves applied to capital financing	0	0
Capital expenditure charged against the General Fund Balance	0	0
	0	
Minimum Revenue Provision	(3,114)	(4,461)
	(5,943,849)	(6,831,442)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	502,000	670,000
Closing Balance - 31 March	**(32,663,228)**	**(33,191,454)**

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.

	2023/24 £	2024/25 £
Opening Balance - 1 April	7,188,000	12,023,000
Return on plan assets	(5,851,000)	451,000
Remeasurement of the net defined benefit liability	(1,777,000)	(15,545,000)
Asset Ceiling adjustment	13,657,000	17,069,000
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	1,485,000	1,742,000
Employers' pension contributions	(2,679,000)	(2,619,000)
Closing Balance - 31 March	**12,023,000**	**13,121,000**

Deferred Capital Receipts Reserve

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

	31 March 2024 £	31 March 2025 £
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(69,316)	(62,188)
Principal amounts on finance leases	(3,084,025)	(3,478,931)
Other deferred receipts	(297,187)	(328,248)
	(3,482,028)	**(3,900,867)**

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 2024 £	Transfers In £	Transfers Out £	31 March 2025 £
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	(91,720)	(71,815)	0	**(163,535)**
NNDR	230,207	0	964,126	**1,194,333**
NNDR - Renewal Energy Scheme	(11,477)	(138,567)	0	**(150,044)**
	127,010	**(210,382)**	**964,126**	**880,754**

Pooled Investment Fund Adjustment Account

	2023/24 £	2024/25 £
Opening Balance - 1 April	1,026,118	954,895
Changes in fair value of Pooled Investment Funds	(71,223)	(187,649)
Closing Balance - 31 March	**954,895**	**767,246**

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

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.

	2023/24 £	2024/25 £
Opening Balance - 1 April	0	47,100
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	47,100	262,900
Closing Balance - 31 March	**47,100**	**310,000**

Accumulated Absences Reserve

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance, from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2023/24 £	2024/25 £
Opening Balance - 1 April	0	0
Movement in year	0	62,375
Closing Balance - 31 March	**0**	**62,375**

Notes to the Balance Sheet

D1. Property, Plant and Equipment

Movements in 2024/25	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Con-struction £	TOTAL P,P&E £
-						
Asset Cost or Valuation						
-						
Asset values at 1 April 2024	69,379,332	3,315,385	201	3,189,958	0	**75,884,876**
Additions	1,608,854	1,831,968	0	123,047		3,563,869
Revaluation increases / (decreases)	1,274,910	0	0	(874,547)		400,363
Derecognition - disposals	0	(1,773,595)	0	0	0	(1,773,595)
Transfers and reclassifications	(200,000)	0	0	(384,650)	0	(584,650)
Asset values at 31 March 2025	**72,063,096**	**3,373,758**	**201**	**2,053,808**	**0**	**77,490,863**
-						
Depreciation						
-						
Accumulated depreciation at 1 April 2024	(109,461)	(1,374,019)	0	0	0	**(1,483,480)**
Depreciation charge for the year	(1,487,464)	(289,190)		(15,185)	0	(1,791,839)
Depreciation written out on revaluation	1,365,608	0	0	15,185	0	1,380,793
Derecognition - disposals	0	623,954	0	0	0	623,954
Accumulated depreciation at 31 March 2025	**(231,317)**	**(1,039,255)**	**0**	**0**	**0**	**(1,270,572)**
-						
Net Book Value of Assets						
1 April 2024	69,269,871	1,941,366	201	3,189,958	0	74,401,396
31 March 2025	**71,831,779**	**2,334,503**	**201**	**2,053,808**	**0**	**76,220,291**

Movements in 2023/24	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Con-struction £	TOTAL P,P&E £
-						
Asset Cost or Valuation						
-						
Asset values at 1 April 2023	55,959,900	3,379,373	201	3,030,457	0	**62,369,931**
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)
Asset values at 31 March 2024	**69,379,332**	**3,315,385**	**201**	**3,189,958**	**0**	**75,884,876**
-						
Depreciation						
-						
Accumulated depreciation at 1 April 2023	(373,773)	(1,211,244)	0	0	0	**(1,585,017)**
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
Accumulated depreciation at 31 March 2024	**(109,461)**	**(1,374,019)**	**0**	**0**	**0**	**(1,483,480)**
-						
Net Book Value of Assets						
1 April 2023	55,586,127	2,168,129	201	3,030,457	0	60,784,914
31 March 2024	**69,269,871**	**1,941,366**	**201**	**3,189,958**	**0**	**74,401,396**

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 2024/25 revaluations and impairment review were undertaken by the Council's internal Valuer, Harry Penman (MRICS). 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

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 the Council'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:

	Other Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	TOTAL £
Carried at [depreciated] Historical Cost	0	2,334,502	201	0	**2,334,703**
Valued at Current Value as at 31st March:					
2022/23	1,753,595	0	0	350,405	**2,104,000**
2023/24	3,291,492	0	0	16,000	**3,307,492**
2024/25	66,786,684	0	0	1,687,402	**68,474,086**
	71,831,771	**2,334,502**	**201**	**2,053,807**	**76,220,281**

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.

	2023/24 £	2024/25 £
Rental income	(467,114)	(406,980)
Direct operating expenses	84,491	147,793
Net losses from fair value adjustments	502,000	670,000
	119,377	**410,813**

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.

The 2024/25 valuations were undertaken by the Council's internal Valuer. 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.

	2023/24 £	2024/25 £
Opening Balance - 1 April	5,377,000	4,875,000
Additions	0	0
Transfers and reclassifications	0	0
Net (losses) from fair value adjustments	(502,000)	(670,000)
Closing Balance - 31 March	**4,875,000**	**4,205,000**

D3. Intangible Assets

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

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

Movements in Intangible Assets

	2023/24 £	2024/25 £
-		
Asset Cost or Valuation		
Asset values at 1 April	126,692	64,695
Additions	0	0
Derecognition	(61,997)	0
Asset values at 31 March	**64,695**	**64,695**
-		
Amortisation		
Accumulated Amortisation at 1 April	(106,173)	(50,113)
Amortisation charge for the year	(5,937)	(5,262)
Derecognition	61,997	0
Accumulated Amortisation at 31 March	**(50,113)**	**(55,375)**
-		
-		
Net carrying amount at 31 March	**14,582**	**9,320**

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

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

D4. Non-Current Debtors

	31 March 2024 £	31 March 2025 £
Starter Home Initiative/Decent Homes Standard Loans	20,000	20,000
Council Mortgages & Housing Act Advances	31,500	31,500
Charities	65,752	62,188
Housing Improvement Loans	43,935	43,936
Loan to 'Friends of the Cotswolds'	234,248	210,148
Loan to 'Barn Theatre'	2,326	0
Community Infrastructure Levy (CIL)	523,691	1,078,345
Cottsway Housing Association Loan	1,696,387	1,929,625
Finance Leases - principal outstanding	2,331,968	2,578,865
	4,949,807	**5,954,607**

D5. Debtors

	31 March 2024 £	31 March 2025 £
Government Departments	1,045,708	2,242,071
Other Local Authorities (Statutory)	1,793,871	1,124,910
Other Local Authorities (Trading)	703,797	571,443
Collection Fund Debtors (CDC Share)	1,438,717	1,790,347
Housing Benefit Recovery	890,768	854,258
Finance Leases - Principal Outstanding	752,044	902,898
Covid Grants	51,519	23,120
Community Infrastructure Levy	1,486,482	2,122,930
Sundry Debtors	547,347	940,155
Other Debtors	1,568,923	786,481
Prepayments	407,730	1,102,850
	10,686,906	12,461,463
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(257,720)	(477,032)
Housing Benefit Recovery	(799,934)	(762,303)
Sundry Debtors	(226,448)	(331,247)
	9,402,804	**10,890,881**

D6. Creditors

	31 March 2024 £	31 March 2025 £
Government Departments	(1,098,435)	(526,082)
Agency Creditor - Covid Business Grants	(74,006)	(51,461)
Other Local Authorities (Statutory)	(1,641,233)	(1,558,916)
Other Local Authorities (Trading)	(275,148)	(255,895)
Collection Fund Creditors (CDC Share)	0	(55,580)
Sundry Creditors	(1,961,648)	(1,974,424)
Other Creditors	(584,916)	(678,235)
Receipts in advance:		
- Council Tax / NNDR payers	(606,902)	(597,723)
- Government Departments	(341,889)	(47,382)
- Sundry Creditors	(1,480,962)	(1,628,126)
	(8,065,139)	(7,373,824)
Section 106 Balances	(2,735,147)	(2,265,386)
	(10,800,286)	**(9,639,210)**

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	(1,141,715)	(180,798)	240,162	0	**(1,082,351)**
Local Plan Judicial Review	(100,000)	0	0	100,000	**0**
	(1,241,715)	**(180,798)**	**240,162**	**100,000**	**(1,082,351)**

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.

	2023/24 £	2024/25 £
Opening Capital Financing Requirement	**20,212**	**70,969**
Capital investment in the year		
Property, Plant & Equipment	1,325,610	3,563,869
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	1,744,053	3,142,541
Loan	2,912,913	414,000
	5,982,576	**7,120,410**
Sources of finance		
Capital Receipts	4,074,881	3,421,083
Better Care Funding/Disabled Facilities Grants	1,344,331	1,811,091
S106 Contributions	290,250	290,250
Other grants & external funding	219,243	1,304,557
Earmarked Reserves	0	0
Direct Revenue Contributions	0	0
Minimum Revenue Provision (MRP)	3,114	4,461
	5,931,819	**6,831,442**
Net increase / (decrease) in Capital Financing Requirement	**50,757**	**288,968**
Closing Capital Financing Requirement	**70,969**	**359,937**

The increase in Capital Financing Requirement in 2024/25 represents capital expenditure in respect of solar roof panels at Trinity Road and EVCP assets financed through the Community Municipal Investment.

D9. Assets Held for Sale

Current Assets	2023/24 £	2024/25 £
Opening Balance - 1 April	0	0
Assets classified as/(transferred from) held for sale during the year:		
- Property, Plant & Equipment		584,650
Assets sold	0	0
Closing Balance - 31 March	0	584,650

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

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:

	2023/24 £	2024/25 £
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	1,178,000	1,198,000
Past Service Cost	0	
Financing and Investment Income & Expenditure:		
Net Interest Expense	307,000	544,000
Net Charge to Surplus or Deficit on Provision of Services	**1,485,000**	**1,742,000**
Other post employment benefit charged to Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	(5,851,000)	451,000
Actuarial (gains) arising on changes in financial assumptions	(4,311,000)	(14,397,000)
Actuarial (gains) arising on changes in demographic assumptions	(571,000)	(168,000)
Asset ceiling adjustment	13,657,000	17,069,000
Experience losses	3,105,000	(980,000)
	6,029,000	**1,975,000**
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	**7,514,000**	**3,717,000**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	**(1,485,000)**	**(1,742,000)**
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**2,679,000**	**2,619,000**

Pension Assets and Liabilities recognised in the Balance Sheet

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

	31 March 2024 £	31 March 2025 £
Present value of the defined benefit obligation - funded	(95,308,000)	(81,894,000)
Present value of unfunded obligations	(2,224,000)	(1,996,000)
Fair Value of Plan Assets	99,166,000	102,151,000
Asset Ceiling Adjustment	(13,657,000)	(31,382,000)
Net liability arising from defined benefit obligation	**(12,023,000)**	**(13,121,000)**

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

	2023/24 £	2024/25 £
Opening Fair Value of Scheme Assets	90,484,000	99,166,000
Interest Income	4,264,000	4,726,000
Remeasurement Gains / (Losses)	5,851,000	(451,000)
Employers' Contributions	2,520,000	2,450,000
Employee Contributions	364,000	371,000
Contributions in respect of unfunded benefits	159,000	169,000
Benefits Paid	(4,317,000)	(4,111,000)
Unfunded Benefits Paid	(159,000)	(169,000)
Closing Balance 31 March	**99,166,000**	**102,151,000**

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

	2023/24 £	2024/25 £
Opening Balance 1 April	(97,672,000)	(97,532,000)
Current Service Cost	(1,178,000)	(1,198,000)
Interest Cost	(4,571,000)	(4,614,000)
Contributions from Scheme Participants	(364,000)	(371,000)
Past Service Cost	0	0
Remeasurement(Gains)/Losses	1,777,000	15,545,000
Benefits Paid	4,317,000	4,111,000
Unfunded Benefits Paid	159,000	169,000
Closing Balance 31 March	**(97,532,000)**	**(83,890,000)**
Funded	**(95,308,000)**	**(81,894,000)**
Unfunded	**(2,224,000)**	**(1,996,000)**

Composition of Scheme Assets

	2023/24				2024/25			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
Debt Securities								
Corporate Bonds (investment grade)			-	0%				0%
Corporate Bonds (non investment grade)			-	0%				0%
UK Government			-	0%				0%
Other			-	0%				0%
Private Equity								
All	-	2,373	2,373	2%		2,925	2,925	3%
Real Estate								
UK Property	3,584	2,525	6,108	6%	3,397	2,787	6,184	6%
Overseas Property	-	1,939	1,939	2%		1,902	1,902	2%
Investment Funds and Unit Trusts								
Equities	-	59,820	59,820	60%		62,145	62,145	61%
Bonds	7,263	10,666	17,929	18%	7,353	10,322	17,676	17%
Infrastructure	-	4,145	4,145	4%		5,548	5,548	5%
Other	-	4,309	4,309	4%		4,353	4,353	4%
Derivatives								
Foreign Exchange	97		97	1%	75		75	0%
Other	-		0	0%				0%
Cash and Cash Equivalents								
All	2,445		2,445	3%	1,344		1,344	1%
	13,389	**85,778**	**99,166**	**100%**	**12,169**	**89,982**	**102,151**	**100%**

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Basis for estimating assets and liabilities

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

Mortality Assumptions (average future life expectancy at age 65 - years)	Males	Females
Current Pensioners	22.0	24.5
Future Pensioners*	22.7	25.9
*Assume members aged 45 as at last formal valuation date - 31 March 2022		
Financial Assumptions	**31 March 2024**	**31 March 2025**
Rate of increase in pensions	2.8%	2.8%
Rate of increase in salaries	3.3%	3.3%
Discount Rate	4.8%	5.8%

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 2023 model, with a 15% weighting of 2023 data (and 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:

	Approx. increase in liability %	£
0.1% decrease in Real Discount Rate	2%	1,347
0.1% increase in salary increase rate	0%	57
0.1% increase in pension increase rate	2%	1,327
1 year increase in life expectancy	4%	3,356

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 31st March 2026 will be approximately £2,242,000.

E2. Financial Instruments

Categories of Financial Instruments

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

31 March 2024 Non-Current £	31 March 2024 Current £		31 March 2025 Non-Current £	31 March 2025 Current £
		- **Financial Assets at Amortised Cost**		
0	1,140,648	Investments	0	2,587,272
1	0	Ubico Shareholding	1	0
0	3,643,651	Cash and cash equivalents	0	726,095
(2,331,968)	4,677,177	Debtors	3,375,742	1,895,831
2,331,968	752,044	Finance Leases	2,578,865	902,898
1	10,213,520		5,954,608	6,112,096
		Fair Value through Profit or Loss		
9,445,923	1,226,450	Investments	9,574,349	1,287,106
0	9,039,329	Cash and cash equivalents	0	8,192,604
9,445,923	10,265,779		9,574,349	9,479,710
		Fair Value through Other Comprehensive Income		
952,900	7,125	Designated Equity Instruments	690,000	7,500
10,398,824	**20,486,424**	**Total Financial Assets**	**16,218,957**	**15,599,306**
		Financial Liabilities at Amortised Cost		
(259,593)	(97,662)	Borrowing	(157,587)	(102,006)
0	(2,823,833)	Creditors		(2,412,729)
(259,593)	**(2,921,495)**	**Total Financial Liabilities**	**(157,587)**	**(2,514,735)**

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	5,954,607	10,890,881	(7,373,824)
Finance Leases (shown separately)	(2,578,865)	(902,898)	
Items not classified as Financial Instruments:			
Statutory & Government Debtors / Creditors	0	(6,989,302)	2,687,864
Payments / Receipts in Advance	0	(1,102,850)	2,273,231
Total Debtors / Creditors (as above)	**3,375,742**	**1,895,831**	**(2,412,729)**

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:

2023/24					2024/25			
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
£	£	£	£		£	£	£	£
				-				
				Financing & Investment Income and Expenditure				
			9,047	Interest Expense				6,772
(841,640)	(845,054)	(28,500)		Interest / Dividend income	(821,697)	(840,247)	(30,375)	
				Changes in impairment loss allowance				
	(71,223)			Changes in fair value		(187,649)		
				Other Comprehensive Income				
		47,100		Changes in fair value			262,900	
(841,640)	**(916,277)**	**18,600**	**9,047**	**Net (Gains) / Losses for the Year**	**(821,697)**	**(1,027,896)**	**232,525**	**6,772**

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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 2025 £
-	-	
Fair Value through Profit or Loss	-	
Money Market Funds	Level 1	8,192,604
Pooled Investment Funds	Level 1	10,861,455
		19,054,059

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 2024		31 March 2025	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
-				
Financial Assets at Amortised Cost				
Investments	1,140,648	1,140,648	2,587,272	2,587,272
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	3,643,651	3,643,651	726,095	726,095
Non-Current Debtors	(2,331,968)	(2,331,968)	3,375,742	3,375,742
Non-Current Finance Leases	2,331,968	2,331,968	2,578,865	2,578,865
	4,784,300	**4,784,300**	**9,267,975**	**9,267,975**
Financial Liabilities at Amortised Cost				
Borrowing	(357,255)	(357,255)	(259,593)	(259,593)
	(357,255)	**(357,255)**	**(259,593)**	**(259,593)**

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 2024	31 March 2025	31 March 2024	31 March 2025
	£	£	£	£
Fundamentum Social Housing REIT plc	952,900	690,000	28,500	30,375
	952,900	**690,000**	**28,500**	**30,375**

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 2025 is £259,593 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 Ltd (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 Ltd 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 2025, the balance on the loan facility was £1,929,625.

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 rest 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

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.

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:

	Investment Balance
-	
Fixed duration deals	
Central Government	£2,587,272
Call accounts and other 'cash equivalent' investments	
Money Market Funds	£8,192,604
Call Accounts	£53,948
UK Equities	
Real Estate Investment Trust (REIT)	£697,500
Pooled funds	
Non-rating agency rated pooled fund	£10,861,455
separately approved by the Council's Treasury Management advisors	
	22,392,779

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

	Investment values - maturing within:			
	0-3 mths	3-6 mths	6-12 mths	1 year +
-	-	-	-	
Internally managed funds				
Central Government	£2,587,272			
Money Market Funds	£8,192,604			
Call Accounts	£53,948			
UK Equities	£7,500			£690,001
Externally managed funds				
Pooled Funds	£74,334			£10,787,121
	£10,915,658			£11,477,122

The maturity analysis of the Council's financial liabilities is as follow:

	Liabilities - Maturity analysis 31/3/25			
	0-3 mths	3-6 mths	6-12 mths	1 year +
-	£	£	£	£
Borrowing				
Cotswold Climate Loan	0	(50,448)	(51,558)	(161,581)
	0	(50,448)	(51,558)	(161,581)
	Liabilities - Maturity analysis 31/3/24			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
-	£	£	£	£
Borrowing				
Cotswold Climate Loan	0	(48,300)	(49,632)	(259,593)
	0	(48,300)	(49,632)	(259,593)

The Council have calculated the expected credit loss and can conclude that risks remain low and the calculated credit loss is trivial.

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 £323,864 (£344,994, 2023/24).

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.

The Council's investment in a property fund and multi asset funds (including property) is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2025 would result in an immaterial charge to the surplus or deficit on the provision of service which is then transferred to the Pooled Investment Fund Adjustment Account.

The Council's investment in multi asset funds (which includes equities) are subject to the risk of falling share prices. A 5% fall in shares prices at 31st March 2025 would result in an immaterial charge to the Surplus or deficit on the provision of services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a REIT is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £1m. A 5% fall in residential property prices at 31 March 2025 would result in a £34,875 charge to Other Comprehensive Income and Expenditure (£52,000 on 31 March 2024) which would be reflected in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

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

E4. Leases

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

The authority's lease portfolio consists of leases of operational land and buildings and plant and equipment. During the year, lease payments charged to Cost of Services totalled £35,529 (2023/24: £60,639), all of which relate to the lease of printers, classified as low-value leases under the authority's accounting policies.

The Council has not identified any new arrangements during the year that meet the definition of a right-of-use (ROU) asset under IFRS 16. No new finance leases have been recognised on the balance sheet, other than low-value assets below £20,000, which are excluded in line with the Council's accounting policy.

Assets previously recognised as Property, Plant and Equipment (PPE) which meet the definition of right-of-use assets under IFRS 16, and therefore remain on the Council's balance sheet as such, total £6.090 million.

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 2024 £	31 March 2025 £
Present value of principal payments outstanding on non-current assets	3,085,089	3,481,763
Unearned finance income	2,701,077	2,836,705
	5,786,166	**6,318,468**

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 2024 £	31 March 2025 £	31 March 2024 £	31 March 2025 £
Not later than one year	846,637	1,039,971	752,044	902,898
Later than one year & not later than five years	2,078,188	2,143,040	1,840,214	1,795,214
Later than five years	2,861,341	3,135,456	492,831	783,651

	5,786,166	**6,318,468**	**3,085,089**	**3,481,763**

The minimum lease payments do not include r11ents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2024/25 the Council received £101,280 in contingent rents (2023/24 £175,811).

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:

	31 March 2024 £	**31 March 2025 £**
Not later than one year	578,771	653,209
Later than one year & not later than five years	1,128,837	797,351
Later than five years	73,133	171,735
	1,780,741	**1,622,295**

The minimum lease payments receivable does 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.

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.

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

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 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 relevant Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds made before 1 April 2024 to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2029.

For Pooled Investment Funds made on or after 1 April 2024, fair value gains and losses incurred in 2024/25 will be taken to the Pooled Investment Funds Adjustment Account in 2024/25 as the Statutory Override remains in place. However, that figure will be released to the General Fund in 2025/26 along with gains and losses incurred during that year

.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

The council as lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

<u>Initial measurement</u>

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

<u>Subsequent measurement</u>

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £20,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges 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.

The Council as lessor

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.

Finance leases

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 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.

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:

- 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.

<u>Contingent Liabilities</u>
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.

<u>Contingent Assets</u>
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

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

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.

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
Property, Plant & Equipment – Operational Property	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Valuer has stated that valuations have been prepared in accordance with the RICS Valuation standard and recommendations contained within the RICS Red Book. 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, Car Parks and Leisure Centres it has been considered prudent to revalue all assets within these sectors. The remainder of the portfolio unvalued in 2024/25 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. The Council's valuers provided valuations as at 31 March 2025 for the Council's investment property portfolio and approximately 93% of its operational portfolio. 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. 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.	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 £49m. An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is over £71.8m. It is estimated that the annual depreciation charge for buildings would increase by approximately £48,000 for every year that useful lives had to be reduced.

Item	Uncertainties	Effect if actual result differs from assumptions
Fair Value measurement of Investment Property	The Council's 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. 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.	Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. 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. A fall of 5% in the overall valuation would result in a fall in value of £210,250.
Pension Liability	The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme's actuary including discount rate used, rate of salary increases, changes in retirement ages, mortality rates and expected return on Pension Fund investments. Estimates are made upon judgements and conditions as seen by the actuary at a point in time. 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. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.	The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities. For further details of the impact of variations in key assumptions, see note E1. Removing the asset ceiling calculation results in an increase in pension fund asset values of £31m. Instead of disclosing a pension liability of £13.382m the Council would instead disclose a pension fund asset of £18.261m

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 2025:

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023 The amendments to IAS 21 clarify how an entity should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of the financial statements to understand the impact of a currency not being exchangeable.

IFRS 17 Insurance – IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptions and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8.

It is not expected that these new standards will have a material impact on the accounts.

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 require to leave the Council chamber for the duration of the debate and abstain from the decision making process [voting].

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

- Ten Members have declared an interest as a Town or Parish Councillor where grants and contributions (£53,775) were awarded during 2024/25 (£60,375 in 2023/24).

- 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 2024/25 (£21,286 in 2024/25).

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 2025 five of the Council's Members were also Members of Gloucestershire County Council (4 as of 31 March 2024). Cotswold District Council made payments of £640,615 to the County Council and received grants, fees and contributions of £1,230,214 during 2024/25 (payments of £652,118 and grants fees and contributions of £2,022,318 in 2023/24)

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 2024/25 the Council made payments to Publica of £8,713,100 (2023/24 £10,265,289) for services and received income of £643,584 (2023/24 £861,483.56). At 31 March 2025 the Council owed Publica £147,872(creditors and receipts in advance) (31 March 2024, £51,246) and was owed £385,170 (debtors and payments in advance) (31 March 2024, £855,530).

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 1/8th 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 1/8th 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.

During 2024/25 the Council made payments to Ubico of £8,443,292 for contract services (2023/24 £8,419,283) and received income of £690,909 (2023/24 £778,008). At 31 March 2025, Ubico Limited owed the Council £330,311(debtors) (2023/24, £680,957) and the Council owed Ubico Limited £108,373(creditors and receipts in advance) (2024/25, £245,655).

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 16 July 2025.

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 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

A review of Publica was announced in September 2023 which will return a number of services back to the partnership Councils. The detailed implementation plan was approved by full Council in July 2024 with phase one of the transfer on 1st November 2024 relating to 84 employees transferring back to the Council, phase two relating to the transfer of 9 employees and creation of 12 new roles within the Council will take place on 1st July 2025

Notes to the Cash Flow Statement

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

	2023/24 £	2024/25 £
Depreciation, amortisation and impairment	1,777,958	1,797,100
Increase / (decrease) in creditors	(3,498,404)	(545,661)
(Increase) / decrease in debtors	1,170,175	(3,038,010)
Increase / (decrease) in provision for bad debts	324,853	208,531
(Increase) / decrease in inventories	1,893	2,097
Pensions' liability	(1,194,000)	(877,000)
Carrying amount of non current assets sold	0	1,149,641
Increase / (decrease) in provisions	216,224	(159,364)
Movement in the fair value of PPE charged to CIES	317,145	130,504
Movements in the fair value of investment properties	502,000	670,000
Movements in the fair value of financial instruments	(71,223)	(187,649)
	(453,379)	**(849,812)**

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

	2023/24 £	2024/25 £
Capital grants applied to the financing of capital expenditure	(3,333,000)	(5,708,053)
Proceeds from the sale of non current assets	0	(1,149,641)
Unattached capital receipts	(222,136)	0
	(3,555,136)	**(6,857,694)**

F3. Investing Activities

	2023/24 £	2024/25 £
Purchase of property, plant & equipment and other capital investment	(1,303,764)	(3,219,810)
Purchase of short term and long term investments	(162,010,000)	(127,650,000)
Cottsway Loan issued	(2,912,985)	(413,821)
Proceeds from the sale of non current assets	1,020,206	791,444
Proceeds from disposal of short term and long term investments	165,150,000	126,220,000
Repayment of Cottsway Loan	1,246,500	241,225
Capital Grants applied	0	4,408,099
Other (receipts) / payments from investing activities	3,731,417	510,724
	4,921,374	**887,860**

F4. Financing Activities

	2023/24 £	2024/25 £
Repayments of short term borrowing	(93,503)	(97,662)
Finance Lease repayments	(15,767)	0
	(109,270)	**(97,662)**

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).

2023/24 Business Rates £	2023/24 Council Tax £	2023/24 Total £		Note	2024/25 Business Rates £	2024/25 Council Tax £	2024/25 Total £
	(88,240,186)	(88,240,186)	Council Tax receivable	*G1*		(94,625,372)	(94,625,372)
(28,078,804)		(28,078,804)	Business Rates Receivable	*G2*	(31,300,867)		(31,300,867)
(4,365,267)		(4,365,267)	Transitional Protection Payments		(1,567,288)		(1,567,288)
(975,889)		(975,889)	Contribution to previous year's surplus(-)/deficit		1,112,650		1,112,650
(33,419,960)	**(88,240,186)**	**(121,660,146)**	**Total Income**		**(31,755,505)**	**(94,625,372)**	**(126,380,877)**
			Apportionment of previous year's Surplus/Deficit(-)				
	(2,168)	(2,168)	Cotswold District Council			23,896	23,896
	(13,367)	(13,367)	Gloucestershire County Council			148,760	148,760
	(2,579)	(2,579)	Gloucestershire Police & Crime Commissioner			28,808	28,808
0	(18,114)	(18,114)			0	201,464	201,464
			Precepts, Demands and Shares				
16,501,702		16,501,702	Central Government		16,868,706		16,868,706
13,201,362	10,370,045	23,571,407	Cotswold District Council		13,494,964	11,222,349	24,717,313
3,300,341	64,569,014	67,869,355	Gloucestershire County Council		3,373,741	68,560,814	71,934,555
	12,503,791	12,503,791	Gloucestershire Police & Crime Commissioner			13,202,870	13,202,870
33,003,405	87,442,850	120,446,255			33,737,411	92,986,033	126,723,444
			Charges on the Collection Fund				
268,231	129,161	397,392	Write-offs of uncollectable amounts		146,197	104,742	250,939
159,839	20,839	180,678	Increase / (decrease) in Bad Debt / Appeals Provisions	*G3*	(181,528)	751,657	570,129
194,453		194,453	Cost of Collection		196,273		196,273
111,297		111,297	Disregarded Amounts	*G4*	267,468		267,468
733,820	150,000	883,820			428,410	856,399	1,284,809
33,737,225	**87,574,736**	**121,311,961**	**Total Expenditure**		**34,165,821**	**94,043,896**	**128,209,717**
317,265	**(665,450)**	**(348,185)**	**(Surplus) / Deficit for the Year**		**2,410,316**	**(581,476)**	**1,828,840**
258,260	(107,824)	150,436	(Surplus) / Deficit brought forward		575,525	(773,274)	(197,749)
575,525	**(773,274)**	**(197,749)**	**(Surplus) / Deficit carried forward**	*G5*	**2,985,841**	**(1,354,750)**	**1,631,091**

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 2024/25.

Valuation Bands		Estimated number of taxable dwellings*	Ratio	Equivalent number of Band D dwellings
A-	Band A - entitled to disabled relief reduction	2.25	5/9	1.25
A	up to £40,000	2,371.32	6/9	1,580.88
B	£40,001 - £52,000	3,767.11	7/9	2,929.98
C	£52,001 - £68,000	9,187.73	8/9	8,166.87
D	£68,001 - £88,000	6,698.03	1	6,698.03
E	£88,001 - £120,000	6,017.90	11/9	7,355.21
F	£120,001 - £160,000	4,861.66	13/9	7,022.40
G	£160,001 - £320,000	4,600.69	15/9	7,667.82
H	over £320,001	712.75	18/9	1,425.50
	Contributions in lieu (South Cerney Barracks)	137.00	-	137.00
				42,984.94
	Adjustments for collection rates and anticipated changes during the year			-129.61
	** adjusted for discounts and exemptions*			**42,855.33**

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 £2,061.83 per dwelling for 2024/25 (2023/24 - £1,967.79) 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 2024/25 the Authority benefited from a Pool distribution of £478,908 (£440,690 in 2023/24).

	2023/24 £	2024/25 £
Total Non Domestic Rateable Value at 31 March	£103,346,738	£102,968,491
National Non-domestic Rate Multiplier - Higher	51.2	54.6
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:

	2023/24 £	2024/25 £	% of arrears
Council Tax	(195,839)	(947,496)	18.6%
National Non Domestic Rates	(586,201)	(553,081)	28.4%
	(782,040)	**(1,500,577)**	

G4. Business Rates – Disregarded Amounts

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

G5. Collection Fund Balance Sheet Apportionment

The 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 2025:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	614,822	3,755,586	n/a	720,149
Bad Debt Provision	(114,436)	(699,020)	n/a	(134,040)
Prepayments and Overpayments	(259,462)	(1,584,898)	n/a	(303,911)
(Surplus) / Deficit at 31 March	(163,535)	(999,047)	n/a	(192,168)
Business Rates				
Debtors	778,087	194,522	972,608	n/a
Bad Debt Provision - Tax Payers	(221,232)	(55,308)	(276,541)	n/a
Appeals Provision	(1,082,350)	(270,588)	(1,352,939)	n/a
Prepayments and Overpayments	(338,261)	(84,565)	(422,827)	n/a
(Surplus) / Deficit at 31 March	1,194,333	298,584	1,492,923	n/a

The apportionment of the balances on the Collection Fund as at 31 March 2024 is as follows:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	602,997	3,753,832	n/a	726,929
Bad Debt Provision	(23,229)	(144,607)	n/a	(28,003)
Prepayments and Overpayments	(305,962)	(1,904,701)	n/a	(368,845)
(Surplus) / Deficit at 31 March	(91,720)	(570,983)	n/a	(110,571)
Business Rates				
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	(1,141,714)	(285,430)	(1,427,141)	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

ANNUAL GOVERNANCE STATEMENT 2024/25

1. SCOPE OF RESPONSIBILITY

Cotswold District Council is responsible for ensuring that:

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

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

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

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

In addition to this, CIPFA issued its "Statement on the Role of the Chief Finance Officer in Local Government (2015)*".* The Annual Governance Statement (AGS) reflects compliance 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 31st March 2025 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, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the 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)

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law ● Behaving with Integrity ● Demonstrating strong commitment to ethical values ● Respecting the rule of the law
● The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Council's Constitution is reviewed and updated regularly as required. During 2024/25, the following updates have been made to the constitution: — Update of the Planning Scheme of Delegation and Planning Protocol — Update to the Standards Sub-Committee Procedure. — Updated Arrangements for dealing with Code of Conduct Complaints. — Update to Part D8: Matters of Urgency. — Addition of a Local Ward Member Protocol. — Minor amendments to Part D6: Overview & Scrutiny Committee Procedure Rules relating to budget management. — Addition of a Protocol for Webcasting Meetings. — Updates to Part D1 relating to how questions on notice are dealt with at Cabinet & Committee. — Updated Probity in Licensing Protocol. — Updated Contract Rules.

- Declarations of interest are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting.
- 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, hospitality and corporate sponsorship is maintained by the Corporate Responsibility team and is reviewed by the Governance Group. The policy and process for gifts, hospitality and sponsorship was updated in 23/24, and reminders are sent out at key times such as the Christmas period when gifts are more prevalent.
- 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 & Governance Committee.
- All HR policies were reviewed and approved by Council in 2023/24 and any further updates are now undertaken and brought back to Council as required. Further reviews are also being undertaken following a decision to bring a number of services back in-house.
- A Whistleblowing policy is in place and any reports are investigated by the Counter Fraud and Enforcement Unit (CFEU). The Whistle Blowing policy has been reviewed and updated in 24/25. A review of whistle blowing reports is undertaken on an annual basis.
- A Counter-Fraud and Enforcement Unit, which delivers services across Gloucestershire, in West Oxfordshire District Council and is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to the Audit & Governance Committee twice a year.
- Meetings are minuted, with decisions and key actions recorded appropriately and published on the Council website. The meetings are also lived streamed.
- A two-day LGA follow-up peer review was completed in November 2024 to assess progress against the key areas for improvement recommended in the October 2022 LGA peer review. The final report has now been received with feedback on the progress made by the Council against the original Corporate Peer Challenge recommendations and action plan.
- As part of the transition of services from Publica back to the Council on 1 November 2024, a dedicated CDC communications team is now in place. As part of this, the Communications Strategy for the council will be reviewed and updated to ensure communications are reaching our residents.
- A new Governance Group has been established following the transition of services back to the council which is focused solely on CDC rather than across our Publica partnership. This ensures sufficient focus and scrutiny is given to our internal governance arrangements.

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
- The relationship between Overview & Scrutiny Committee and Cabinet is important to the overall governance arrangements of the Council. To support this, an annual Overview and Scrutiny Committee report is presented to Full Council to demonstrate the impact of Overview and Scrutiny and the effectiveness of the Executive/Scrutiny Protocol (Part E10 of the 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. This has subsequently been reviewed following employees transferring back to the Council on 1 November 2024, and will be reviewed again following the proposed transfer on 1 July 2025.
- 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.
- As part of the transfer of services back to the council, communications channels with our employees have changed to reflect that the employees are now directly employed. Communications include one-to-one meetings with line managers, blogs and video updates from the Chief Executive Officer, all staff briefings, and a newly developed Cotswold District Council internal portal which contains information such as informal blogs, policies, and further details of key information.
- As part of the transition of services back under direct council delivery, a lot of work has been undertaken to develop new council values and a people strategy. The development of these have been undertaken through consultation with our employees through workshops, 1:1s, employee surveys and all staff briefings. The employee strategy will be approved by Cabinet in September 2025.
- 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.
- A new customer complaints policy was approved at Audit and Governance and will be implemented in April 2025. This new policy complies with the new Ombudsman Code for complaint handling and will change the internal complaints process from a three-stage process to a two-stage process before the complainant can escalate to the Ombudsman. An annual report will be presented at Audit and Governance on complaints.
- The Council maintains clear channels of communication with all sections of the Community and other Stakeholders.
- Public question time is available at all public council meetings
- 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. ● Ubico deliver the Council's waste and environmental services and produce an annual Business Plan which is approved by the Council. The Business Plan for 25/26 was approved by Cabinet in March 2025. ● An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance. The Business Plan for 2025/26 has been considered by the Leader and CEO and approved under delegated authority. ● 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. ● In 2024, the council, through their waste provider Ubico, made significant changes to the waste and recycling service to create efficiencies. 60% of households now receive their collections on a different day and / or on a different week. ● 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 a significant number of council 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.

- Given the creation of Publica is seven 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. Following on from this, in October 2023, a decision was made to commence the in-sourcing of a number of services from Publica back to direct council delivery. The transition of these services was successfully completed on 1 November 2024. These services were directly linked to council priorities, retaining Publica to focus on the delivery of council back-office functions.

- Further services have been approved for transferring back to the Council in Cabinet and Council in March 2025. These services are planned to transfer back in July 2025.

- As part of the review of Publica, a review of the Publica Governance arrangements has also been undertaken, and any changes will be implemented in 25/26.

- The Council continues to secure savings through improved use of its assets and investments. The Cabinet Transform Working Group (CTWG) met during 2024/25 to consider savings proposals. As set out in the February 2025 Medium-Term Financial Strategy (MTFS), CTWG will need to develop further savings proposals and consider service transformation to ensure service costs are contained within the financial envelope set out in the MTFS.

- 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 and Governance Committee. A detailed review was undertaken in 2024/25 to ensure the Risk Register reflected the strategic risks for the council. A revised Risk & Opportunities policy is scheduled to be presented to Audit and Governance Committee in May 2025.
- 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. Risk is reviewed by the councils senior leadership team.
- 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.

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 second paragraph in section D above, the Council has now considered 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 has resulted in services being transferred back to the Council, and new posts created to ensure there is capacity and capability to manage and deliver these services moving forward. Publica is now focused on delivery of council back-office transactional functions.

- A mixed operating model with the provision of services via two 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 was 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. The group has implemented a range of initiatives including a comprehensive induction pack and induction programme. Supplemented with a buddying system linking newly elected members with experienced officers. In addition to an ongoing training and development programme including monthly briefings open to all members on pertinent issues within the organisation and district.
- In 24/25, the council invited the LGA Peer Review to undertake a review of progress against the recommendations made in the full peer review. An action plan was developed to ensure all recommendations are addressed.

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 & Governance 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. Service and Financial Performance reports are received by Overview & Scrutiny Committee and Cabinet each quarter.
- 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 & Governance 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 & Governance 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 & Governance Committee.
- The Audit & Governance Committee's Terms of Reference are contained within the Constitution; Members have experience of a scrutiny role and training is provided when appropriate. The Committee includes two independent members who provide an impartial challenge making valuable contributions to the governance of the authority.
- A Counter Fraud & Enforcement 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 & Enforcement 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 CEO is the Councils Senior Information Risk Owner (SIRO) and has ultimate responsibility for data protection.
- 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 & Governance 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 & Governance 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.

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 & Governance 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 & Governance 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 & Governance Committee periodically.
- The External Auditors, Bishop Fleming, present progress reports to the Audit & Governance 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 & Governance 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 & Governance Committee reviews the Annual Governance Statement.
- The Audit & Governance 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 & Governance 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 2024/25 is 'reasonable', in respect of the areas reviewed during the year".
- 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.
- A new customer complaints process is being implemented from 1 April 2025 which aligns to the Local Government Ombudsman Complaint Handling Code. This was approved by the Audit and Governance Committee on 21 November 2024.

5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2024/2025

When preparing its 2023/2024 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

No	Key Area of Focus	Planned Actions	Update	Owner / Target Date
1	Freedom of Information	• Improve response times to Freedom of Information requests to ensure compliance with the relevant Act • Publish a greater range of information to reduce the need to respond to regularly made Freedom of Information requests	• Review undertaken and now performing above 90% • Work underway to further develop website and internal guidance for Managers	BM Gov March 2025
2	Complaints Process	• Introduce a revised customer complaints process which aligns to the new Customer Complaints Code issued by the Local Governance	• New complaint process approved and ready for implementation on 1 April 2025	BM Gov March 2025
3	New service delivery models	• 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 • Insource services back from Publica and examine the priorities for a new service delivery model	• Phase 1 successfully transferred on 1 November 2024 • Phase 2 recommendation presented at Overview & Scrutiny, Cabinet and Council in March and approved • Phase 2 transfer date, subject to consultation, 1 July 2025	CEO November 2024

		• Implement options for efficiency and transformation • Develop new values and behaviours	• Decision to 'pause' following phase 2 due to Devolution / Local Government Reorganisation • New values and behaviours under development with CDC employees.	
4	Council Constitution and Code of Corporate Governance	• Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model • Undertake a full review of the Council's Code of Corporate Governance to reflect the new service delivery model	• The Council constitution has been reviewed following the transfer of services under phase 1. • This action will carry over into next financial year, as a further review will need to be completed when the phase 2 transition of services is complete.	Dir Gov March 2025
5	Emergency Planning and Business Continuity	• Ensure the Council has resilience and can respond effectively in the event of a significant local incident under the new service delivery model • Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model • To test the business critical Business Continuity Plans in 2024-25	• Locality on-call, response team and rest teams now in place. • On-call by locality will commence from 1 April 2025 • Employees who hold a role in Emergency Planning have all been trained and ongoing training is in place. • • • • BCPs have been reviewed annually and services which have transferred have reviewed their BCPs for any changes. • BCP process being reviewed inline with best practice and any changed will be implemented over the next 12-18 months.	BM GOV March 25
6	Risk Management	• To review the Risk Management Policy • To complete a risk maturity self-assessment	• Risk Policy is currently being reviewed and will be tabled at May Audit and Governance Committee. • Risk maturity self-assessment will be undertaken as part of the internal audit of risk	BM GOV March 25

7	Financial Management	• To review the financial procedure rules and financial processes to be completed in 2024/25 against the CIPFA Financial Management Code.	• The financial Rules and processes are currently in the process of being reviewed in advance of being submitted to the Constitution Working Group (CWG) and Council for approval in the next financial year.	CFO March 2025
8	Procurement	• Implementation of the Procurement Act 2023 and subsequent revision of contract procedure rules • To train officers as required.	• The act is now live and contract procurement rules will be presented to CWG and Council for approval in March. • Training is scheduled for the new Financial Year. • A toolkit is being developed for use by officers who undertake procurement	BP Proc March 2025
9	Peer Review	• To complete the Action Plan from the outcomes of the Peer Review.	• A follow-up peer review was carried out in November 2024 to assess progress. • Cabinet to receive the Peer Review Progress report at the July meeting.	CEO March 2025
10	Legislative Changes	• To keep abreast of any legislative changes and Government Policy and action where required.	• Watching brief	Dir Gov

6. GOVERNANCE ACTION PLAN FOR 2025/2026

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.

	Key Area of Focus	Planned Actions	Update	Responsible Officer / Date	Status
1	New service delivery models	• To complete the phase 2 transition of services • To ensure new services are embedded into the CDC culture		Chief Executive Officer 31/03/2026	
2	Council Constitution	• Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model following phase 2 transfer of services		Director of Governance 31/03/2026	
3	Business Continuity	• Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model • To test the business-critical Business Continuity Plans		Business Manager Governance 31/03/2026	
4	Procurement	• To ensure officers are trained and competent in the new Procurement Act 2023 • To develop a toolkit for use by officers who undertake procurement		Business Partner Procurement 31/03/2026	

5	LGR / Devolution	• To ensure CDC and our partner organisations are prepared / ready in advance of LGR / Devolution • To place our staff in the best position possible, through training, development and support. • To ensure CDC are in the best financial position possible pre and post LGR / Devolution.		Chief Executive Officer 31/03/2026	
6	Service Plans	• To have service plans in place for all business areas, delivered directly by the council and its partners		Service / Business Managers 30/06/2026	
7	CDC specific policies	• To ensure all CDC specific policies are up to date and comply with relevant legislation • To produce new policies and procedures where required.		Service / Business Managers 31/03/2026	
8	Internal Audit	• Ensure all agreed actions are completed and that any issues identified are appropriately followed up		Service / Business Managers 31/03/2026	

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:

Mike Evemy **Leader of the Council**	**David Stanley** **Deputy Chief Executive Officer (S151)**
Date:	**Date:**

(END)

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

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

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

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

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

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

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

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

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

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

INDEX OF NOTES TO THE ACCOUNTS

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ANNEX B

Bishop Fleming Audit Limited
10 Temple Back
Redcliffe
Bristol
BS1 6FL15

X January 2026

Dear Sirs and Mesdames

Cotswold District Council

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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 Cotswold District Council (the Council) financial statements for the year ended 31 March 2025. 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 2024/25 (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 affecting 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, and pension liability.

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 [Chair of the Audit and Governance Committee]

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]

ANNEX B

Appendix

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?
Leases disclosure	We requested that management amend their lease disclosures to better reflect the impact of the revised lease accounting treatment introduced by the adoption of IFRS 16, in line with the 2024/25 CIPFA Code.	✓
E2. Financial Instruments	Payments in Advance was disclosed as £1,120,550 in the note; however, this is inconsistent with the prepayments balance of £1,102,850 reported in Note D5. Debtors, resulting in a variance of £17,700.	✓

Unadjusted items

The table below provides details of adjustments identified during the 2024/25 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
KPMG (the pension fund auditor) have reported an uncorrected misstatement on the total pension fund value. This overstates the pension fund's net assets by £2.7m, Cotswold DC's share of this misstatement is 3%, being £81k.	81	-	-	81
An error was identified in the valuation workings for the Trinity Road offices, with a total value of £5.2m, where the valuer omitted a deduction in their calculation for rental voids. Property, Plant and Equipment overstated with the corresponding adjustment posted to the revaluation reserve.	-	-	134	134
Total	81	-	134	215

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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