

## Annex A

## Summary Statement of Accounts

## Cotswold District Council

2023/24

## Comprehensive Income and Expenditure Statement

2022/23					2023/24		
Gross Expenditure £	Gross Income £	Net Expenditure £		Note	Gross Expenditure £	Gross Income £	Net Expenditure £
			<u>Shared Services</u>				
1,225,017	(593,418)	631,599	Environmental and Regulatory Services		1,111,354	(526,625)	584,729
2,517,916	(1,202,101)	1,315,815	Business Support Services		1,870,071	(717,397)	1,152,674
2,398,323	(155,677)	2,242,646	ICT, Change and Customer Services		2,361,523	(155,528)	2,205,995
1,798,337	(788,933)	1,009,404	Assets Property and Regeneration		1,421,739	(642,437)	779,302
238,004	(57,600)	180,404	Public Executive and Modernisation		130,645	0	130,645
14,883,364	(14,596,329)	287,035	Revenues and Housing Support Services		15,818,965	(15,147,455)	671,510
			<u>Strategic Directors</u>				
1,325,493	(49,345)	1,276,148	Democratic Services		1,508,358	(136,438)	1,371,920
10,830,626	(5,566,263)	5,264,363	Environmental Services		11,176,902	(6,094,120)	5,082,782
2,728,071	(869,010)	1,859,061	Leisure and Communities Services		3,209,035	(1,111,291)	2,097,744
4,635,918	(2,753,023)	1,882,895	Planning and Strategic Housing Services		4,677,189	(2,448,524)	2,228,665
2,455,737	(834,010)	1,621,727	Retained and Corporate Council Services		2,491,659	(1,416,372)	1,075,287
<b>45,036,806</b>	<b>(27,465,709)</b>	<b>17,571,097</b>	<b>Cost of Services</b>		<b>45,777,440</b>	<b>(28,396,187)</b>	<b>17,381,253</b>
3,861,014	(74,460)	3,786,554	Other Operating Expenditure	B3	4,061,250	(227,076)	3,834,174
2,863,483	(1,831,312)	1,032,171	Financing and Investment Income and Expenditure	B4	1,394,365	(2,482,213)	(1,087,848)
0	(19,971,945)	(19,971,945)	Taxation and Non-Specific Grant Income	B5	0	(19,797,663)	(19,797,663)
<b>51,761,303</b>	<b>(49,343,426)</b>	<b>2,417,877</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>B1/B2</b>	<b>51,233,055</b>	<b>(50,903,139)</b>	<b>329,916</b>
		472,666	(Surplus) / deficit on revaluation of non current assets				(15,116,381)
		30,000	(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				47,100
		(33,027,000)	Remeasurement of the net defined benefit liability				6,029,000
		<b>(32,524,334)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(9,040,281)</b>
		<b>(30,106,458)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(8,710,365)</b>

Annex A

Movement in Reserves Statement

	Note	Usable Reserves				Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £			
<b>Balance at 31 March 2022</b>		<b>(2,552,710)</b>	<b>(12,639,113)</b>	<b>(9,674,076)</b>	<b>(810,941)</b>	<b>(25,676,840)</b>	<b>(29,498,900)</b>	<b>(55,175,740)</b>
Movements in reserves 2022/23		(4,634,357)	4,634,357	0	0	0	0	0
Transfer from General Fund		1,174,080	(1,174,080)			0	0	0
Total Comprehensive income and expenditure		2,417,877	0	0	0	2,417,877	(32,524,334)	<b>(30,106,458)</b>
Adjustments between accounting basis & funding basis under regulations	C1	1,835,111	187,383	852,927	(2,785,074)	90,346	(90,362)	<b>(16)</b>
<b>(Increase) / Decrease in Reserves 2022/23</b>		<b>792,711</b>	<b>3,647,660</b>	<b>852,927</b>	<b>(2,785,074)</b>	<b>2,508,223</b>	<b>(32,614,696)</b>	<b>(30,106,474)</b>
<b>Balance at 31 March 2023</b>		<b>(1,760,000)</b>	<b>(8,991,453)</b>	<b>(8,821,149)</b>	<b>(3,596,015)</b>	<b>(23,168,618)</b>	<b>(62,113,596)</b>	<b>(85,282,214)</b>
Movements in reserves 2023/24		(165,181)	165,181	0	0	0	0	0
Transfer to General Fund		(599,001)	599,001					
Total Comprehensive income and expenditure		329,916	0	0	0	329,916	(9,040,281)	<b>(8,710,365)</b>
Adjustments between accounting basis & funding basis under regulations	C1	434,265	0	1,723,159	(1,467,557)	689,867	(720,177)	<b>(30,310)</b>
<b>(Increase) / Decrease in Reserves 2023/24</b>		<b>0</b>	<b>764,182</b>	<b>1,723,159</b>	<b>(1,467,557)</b>	<b>1,019,784</b>	<b>(9,760,458)</b>	<b>(8,740,675)</b>
<b>Balance at 31 March 2024</b>		<b>(1,760,000)</b>	<b>(8,227,271)</b>	<b>(7,097,990)</b>	<b>(5,063,572)</b>	<b>(22,148,834)</b>	<b>(71,874,054)</b>	<b>(94,022,888)</b>

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## Balance Sheet

31 March 2023 £		Note	31 March 2024 £
60,784,910	Property, Plant & Equipment	D1	74,942,641
17,000	Heritage Assets		17,000
5,377,000	Investment Property	D2	4,875,000
20,519	Intangible Assets	D3	14,581
10,432,129	Non-Current Investments	E2	10,398,824
3,885,715	Non-Current Debtors	D4	4,949,807
<b>80,517,273</b>	<b>Non-Current Assets</b>		<b>95,197,853</b>
5,456,719	Investments	E2	2,374,223
0	Assets Held for Sale	D9	0
22,884	Inventories		21,272
11,796,513	Debtors	D5	9,402,804
12,209,366	Cash and Cash Equivalents	E2	12,682,980
<b>29,485,482</b>	<b>Current Assets</b>		<b>24,481,279</b>
(93,503)	Borrowing	E2	(97,662)
(11,799,657)	Creditors	D6	(8,065,139)
(2,849,784)	Creditors - s.106 balances	D6	(2,735,147)
(760,202)	Capital Grants Receipts in Advance	B8	(1,020,755)
(1,025,491)	Provisions	D7	(1,241,715)
<b>(16,528,637)</b>	<b>Current Liabilities</b>		<b>(13,160,418)</b>
(7,188,000)	Other Non-Current Liabilities	E1	(12,023,000)
(89,520)	Non-Current Creditors		(118,257)
(557,130)	Capital Grants Receipts in Advance	B8	(94,976)
(357,254)	Borrowing	E2	(259,593)
<b>(8,191,904)</b>	<b>Non-Current Liabilities</b>		<b>(12,495,826)</b>
<b>85,282,214</b>	<b>Net Assets</b>		<b>94,022,888</b>
<b>(23,168,618)</b>	Usable Reserves	C2	(22,148,834)
<b>(62,113,596)</b>	Unusable Reserves	C3	(71,874,054)
<b>(85,282,214)</b>	<b>Total Reserves</b>		<b>(94,022,888)</b>

# NARRATIVE REPORT

## Narrative Report

### Cotswold District Council

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

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

### Our Aims and Priorities

Local councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to serve for their term of office. The Council has 34 elected members representing 32 wards within the Cotswold District. There are also 87 Parish and Town Councils in the district and 28 parishes which do not have a Council, but a Parish meeting. Elections are held every four years, with an election taking place during the financial year in May 2023 where the Liberal Democrats retained political control. The political make-up of the Council from May 2023 included 21 Liberal Democrats, 9 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 2023/24.

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

Items of note in relation to 2023/24 include:

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

continues to work across the district, with the first well attended event held at the Moreton Area Centre in February 2024.

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

- The Changing Places Toilet facilities are complete at Cotswold Farm Park, Abbey Grounds, Cirencester and Birdland, Bourton on the Water. Cotswold Country Park & Beach will complete during 2024/25.
- Gloucestershire Domestic Abuse Support Service (GDASS) have successfully recruited a Rural Domestic Abuse Champion and conducted training workshops for new champions in February, with over 70 individuals participating.
- Collaboration persists with businesses from key sectors, including agritech, cyber/digital, and sustainable aviation, to promote employment opportunities.
- A legal agreement between Cotswold District Council and Gloucestershire County Council has been agreed to deliver a programme of activities using grant funding from the Shared Prosperity Fund to help those furthest from the employment market.

### Publica Group (Support) Limited

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

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

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

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

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

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January 2024 leading to a Detailed Transition Plan having been prepared.

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

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

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

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

## Medium Term Financial Strategy (MTFS)

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

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

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

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

The capital programme includes planned expenditure of £13.899m in 2023/24 with the Council needing to

consider the outcome of due diligence work on other potential schemes before any further capital expenditure is committed.

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

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

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

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

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



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<b>Budget Gap/(Surplus)</b>	<b>(516)</b>	<b>(324)</b>	<b>1,511</b>	<b>3,511</b>
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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 £5.014m in 2024/25. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation, and reliefs. The draft forecast for business rates included in the MTFS, although broadly similar to last year, has seen significant changes in terms of rateable values and reliefs.

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

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

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

<b>Business Rates Forecast</b>	<b>2024/25</b>
	<b>£000s</b>
Non-Domestic rating income (NNDR 1 estimate)	13,495
Less: Tariff Payment to Government	(13,332)

Less Estimated Levy Payment to Government	(1,747)
Add Renewable Energy Scheme	117
<b>Estimated Retained Business Rates</b>	<b>(1,467)</b>
Section 31 Grant Payable	5,354
Multiplier Cap	1,127
<b>TOTAL Funding from Business Rates</b>	<b>5,014</b>
<b>Assumed BRR Included in MTFS</b>	<b>5,014</b>

## Gloucestershire Business Rates Pool

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

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

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

## Council Tax

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

DLUHC proposed a maximum Council Tax increase of 2% or £5 for 2024/25. The MTFS assumes increases of £5 per annum on a Band D property to 2027/28.

## Financial Assumptions

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

Provision for the impact of pay inflation on the Publica contract sum of 5% (Publica) followed by 4% in 2025/26 and 3% thereafter. Provision included of 6% for Ubico in 2024/25 followed by 5% in 2025/26 and 4% thereafter.

Provision for service contract inflation.

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30% reduction in the level of retained business rates income from 2025/26.

Reduction in central government funding over the medium term.

Growth in Council Tax base of 1% per annum.

Energy Cost inflation of £0.150m.

Income pressures: Building Control. Land Charges.

The MTFS has been prepared against the emerging position regarding the Publica Review. The broad assumptions for the purposes of the 2024/25 budget and over the medium term is that service costs remain within the financial envelope set out over the MTFS period.

### Savings Targets

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

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

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

### Capital Investment and Borrowing

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

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

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

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

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

If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval. However, with the



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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 2024, the Council reported an underspend of £0.251m against budgeted deficit of £0.851m. This has resulted in £0.600m of the Financial Resilience reserve being utilised to support the outturn position rather than the forecast £0.851m.

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

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

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

### Pensions Liability

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

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

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

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

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

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

### Capital Programme (Asset Management)

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

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

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

Not all schemes planned for the year were undertaken including:

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Trinity Road, Carbon Efficiency Works – budget of £0.370m. Works delayed to 2024/25.

Rural Prosperity Fund, grant balance of £0.179m forecast to be spent in 2024/25.

Changing Places Toilets, grant balance of £0.053m forecast to be spent in 2024/25 in respect of facilities still to be completed at Cotswold Country Park and Beach.

A balance of £0.274m Trinity Road Agile Working budget remained unspent at 31 March 2024, this will be carried forward to 2024/25.

Ubico vehicle replacement allocation of £0.086m was not spent during 2023/24 due to long lead times on vehicle purchases but will be spent in 2024/25.

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

## Capital Receipts

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

## Reserves and Balances

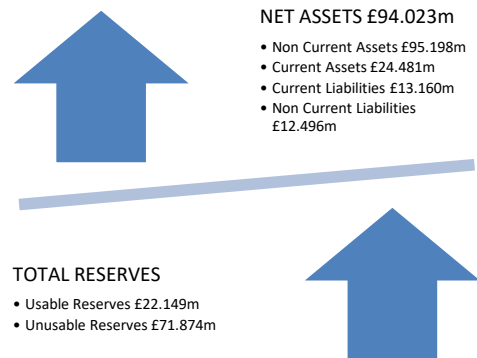
At the year-end usable reserves stood at £22.149 million, a decrease of £1.019 million during the year.

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

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

## Financial Position

Net assets increased in the year by £8.741m



Significant movements were:

- £14.158m increase in Property Plant and Equipment as a result of increased valuations
- £1.1m decrease in non current debtors
- £3.082m decrease in current investments
- £2.393m decrease in debtors
- £3.735m decrease in creditors
- £4.835m increase in pension liability
- £1.723m decrease in capital receipts reserve
- £1.467m increase in capital grants/contributions unapplied.

## Operational Performance and Efficiency

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

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

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

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Eleven indicators fell short of their annual targets; five within Revenues and Benefits; two Development Management and Land Charges indicators, one Customer Experience indicator, two Waste and Environment indicators and one Leisure indicator.

## Revenues, Benefits and Housing

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

## Development Management and Land Charges

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

## Customer Experience

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

## Waste and Environment

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

## Leisure

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

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

## **Risk Management**

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

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

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

- Shareholder Review of Publica: This risk has increased to reflect the recommendation to in-source the majority of services from Publica whilst there is still more detailed work to undertake

around the transition plan, governance, and due diligence.

- Partnership Deliverables (Publica): This risk has been increased to reflect the potential impact on savings achievement, recruitment, retention and performance following the recommendation to in-source the majority of services. As well as to reflect the requirement to review governance arrangements for the proposed delivery model. The risk should decrease as the detailed work is completed on the transition plan, governance, and due diligence.

## **Facing the Challenges Ahead**

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

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

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

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

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

A further key risk is around the impact of the Publica Review. The transition of services from Publica to Council will have a material impact on the Council's resources and budget over the next two years. It is

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essential that the Council takes every opportunity to make services as efficient and cost effective as possible and this will be an important element of the transition plan and approach to service design. Costs pressures must be minimised during the transition plan period to ensure service costs are contained within the financial envelope set out in the MTFS. Budget rebasing will be undertaken for the 2026/27 financial year so that the funding provided to Publica is proportionate to the to the services received.

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

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

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

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

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

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

## Further information

For further information on the accounts please contact: David Stanley, Chief Finance Officer, Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX; or via email at [David.Stanley@cotswold.gov.uk](mailto:David.Stanley@cotswold.gov.uk).

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Chief Finance Officer and Deputy Chief Executiv

