



COTSWOLD

District Council

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| Council name | COTSWOLD DISTRICT COUNCIL |
| Name and date of Committee | CABINET – 16 APRIL 2026 |
| Subject | FINANCIAL PERFORMANCE REPORT – Q3 2025/26 |
| Wards affected | All |
| Accountable member | Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk |
| Accountable officer | David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk |
| Report author | Michelle Burge, Chief Accountant and Deputy Section 151 Officer Email: michelle.burge@cotswold.gov.uk |
| Summary/Purpose | This report sets out the third quarterly budget monitoring position for the 2025/26 financial year. |
| Annexes | Annex A – Capital Programme Outturn Forecast Annex B – Non-Treasury Management Prudential Indicators |
| Recommendation(s) | That Cabinet resolves to: <ol style="list-style-type: none">1. Review and note the financial position set out in this report. |
| Corporate priorities | <ul style="list-style-type: none">• Delivering Good Services |
| Key Decision | YES |
| Exempt | NO |
| Consultees/ Consultation | None |



1. BACKGROUND

- 1.1** This report presents to members the third quarterly outturn forecast and monitoring position statement for the 2025/26 financial year.
- 1.2** The purpose of this report is to notify members of any significant variations to budgets, highlight any key financial issues, and to inform members of options and further action to be taken.

2. EXECUTIVE SUMMARY

- 2.1** This report sets out the outturn forecast for the financial year informed by Q3 budget monitoring. Overview and Scrutiny Committee considered this report at their meeting on 13 April 2026.
- 2.2** Based on the Q3 budget monitoring exercise and an assessment of the risks and uncertainties facing the Council, the forecast outturn shows a positive variation of £0.045m, reflecting a £0.029m increase from the £0.016m forecast reported at Q2, this continues to reflect the Council's strategy to utilise the enhanced financial position this year to reduce financial pressures in future years. The forecast outturn includes proposed transfers of several forecast underspends, as outlined in section 4.12 and 4.35 below, providing an opportunity to strengthen financial sustainability over the Medium-Term Financial Strategy (MTFS) period.
- 2.3** The forecast outturn also assumes that **100% of planning income more than budget** will be transferred to the Planning Appeals Reserve, as set out in the Q2 budget monitoring report. In addition, **£0.165m of car park income in excess of budget** is allocated to fund the replacement of pay-and-display machines within the Council's 2026/2027 Capital Programme, thereby maximising internal resources available for capital expenditure.



Table ES1 – Revenue Budget Outturn Forecast (Q3)

| | 2025/26 Latest Net Budget (£'000) | 2025/26 Profiled Budget to Q3 (£'000) | 2025/26 Actuals to Q3 (£'000) | 2025/26 Outturn Forecast (£'000) | 2025/26 Outturn Variance (£'000) |
|--|--|--|-------------------------------------|---|---|
| Revenue Budget | | | | | |
| Subtotal Services | 19,291 | 11,689 | 10,456 | 17,935 | (1,356) |
| Less: Reversal of accounting adjustments | (1,925) | | 0 | (1,925) | 0 |
| Revised Subtotal Services | 17,366 | 11,689 | 10,456 | 16,010 | (1,356) |
| Corporate Income & Expenditure | (1,663) | (529) | (986) | (171) | 1,491 |
| Provisions and Risk Items | 0 | 0 | 0 | 0 | 0 |
| Net Budget Requirement | 15,704 | 11,160 | 9,469 | 15,839 | 136 |
| Funded by: | | | | | |
| Council Tax | (7,065) | 0 | 0 | (7,065) | 0 |
| Retained Business Rates | (5,117) | 6,342 | 6,344 | (5,117) | 0 |
| Government Funding - Grants | (2,527) | (1,896) | (1,898) | (2,527) | 0 |
| Government Funding - NHB | (820) | (615) | (615) | (820) | 0 |
| Extended Producer Responsibility (EPR) | (1,502) | (1,127) | (1,261) | (1,683) | (181) |
| Collection Fund (surplus) / Deficit | 689 | 0 | 0 | 689 | 0 |
| TOTAL Funding | (16,342) | 2,705 | 2,570 | (16,523) | (181) |
| Budget shortfall/(surplus) | (638) | 13,865 | 12,039 | (684) | (45) |



Table ES2 – Revenue Budget – Reconciliation of variations (Q3)

| Variations at a glance | Positive variation (£'000) | Adverse Variation (£'000) | Net Variation (£'000) | Q2 Outturn Variance (£'000) | Movement from Q2 (£'000) |
|---|----------------------------|---------------------------|-----------------------|-----------------------------|--------------------------|
| Service Variations | | | | | |
| Fees & Charges - Cemeteries | | 39 | 39 | 34 | 5 |
| Fees & Charges - Licensing | (30) | | (30) | (30) | 0 |
| Fees & Charges - Building Control | (44) | | (44) | (49) | 5 |
| Fees & Charges - Bulky Waste | (31) | | (31) | (20) | (11) |
| Fees & Charges - Environmental Protection | | 15 | 15 | | 15 |
| Fees & Chages - Land Charges | (29) | | (29) | | (29) |
| Trinity Road - Utilities | (21) | | (21) | (37) | 16 |
| Car Park fees, permits and penalty charges | (256) | 0 | (256) | (174) | (82) |
| Car park expenditure | (24) | | (24) | (26) | 2 |
| Commercial Property - Rental income shortfall (risk) | | 64 | 64 | 64 | 0 |
| Tenant Area of Trinity Road | (20) | | (20) | (20) | 0 |
| Development Management Fees | (674) | | (674) | (400) | (274) |
| Recycling - Minor Contracts | (30) | | (30) | (30) | 0 |
| Recycling - Income | (33) | | (33) | 0 | (33) |
| Card payment processing charges | | 5 | 5 | 20 | (15) |
| Net Homeless Expenditure (Flexible Homeless Grant higher than budgeted) | (70) | | (70) | (45) | (25) |
| Postage and Printing | | 47 | 47 | 44 | 3 |
| Communications - Cotswold News | (20) | | (20) | (20) | 0 |
| Members Allowance increases (Council, 26 November 2025) | | 36 | 36 | 36 | 0 |
| Court Cost income (Council tax and Business Rates) | (30) | 0 | (30) | (45) | 15 |
| Valuation (professional fees) | (10) | | (10) | | (10) |
| Dual Use Agreement (Chipping Campden School) | | 10 | 10 | | 10 |
| Legal vacancies | (31) | | (31) | | (31) |
| Vacancy management | (165) | 0 | (165) | (205) | 40 |
| Other service variations | | 54 | 54 | 50 | 4 |
| Subtotal | (1,518) | 270 | (1,248) | (853) | (395) |



| Non-Service/Corporate Variations | | | | | |
|--|----------------|--------------|--------------|-------------|-------------|
| Contingencies and Savings | (222) | 0 | (222) | (217) | (5) |
| Street Service savings | 0 | 300 | 300 | 300 | 0 |
| Development Management Fees - Appeals Risk | 0 | 674 | 674 | 400 | 274 |
| Impact of Publica Phase 2 | (328) | 0 | (328) | (266) | (62) |
| New Posts not recruited | (240) | 0 | (240) | (240) | 0 |
| Transfer Vacancy and phase two service and recruitment saving to Capacity Building Reserve | 0 | 733 | 733 | 710 | 23 |
| Treasury Management income | (376) | 0 | (376) | (346) | (30) |
| Transfer to Treasury Management reserve | 0 | 376 | 376 | 346 | 30 |
| Transfer underspend to 'Cotswold News' Reserve | | 20 | 20 | | 20 |
| Transfer underspend to 'Homeless Reserve' | | 70 | 70 | | 70 |
| Transfer legal salary underspend to 'Legal Resource' Reserve | | 31 | 31 | | 31 |
| Additional EPR Grant (DEFRA), transferred to EPR Reserve | (181) | 181 | 0 | 0 | 0 |
| Transfer Car park surplus to 'Revenue Contribution to Capital Outlay' (RCCO) | | 165 | 165 | 150 | 15 |
| Subtotal | (1,347) | 2,550 | 1,203 | 837 | 366 |
| Net Outturn Variation | (2,865) | 2,820 | (45) | (16) | (29) |

- 2.4** The Council must ensure it can address the financial challenges arising from the Local Government Finance Settlement and Local Government Reorganisation (“LGR”) over the MTFs-period.
- 2.5** Oversight of the Vacancy Management process has been strengthened by the Corporate Leadership Team (“CLT”), with CLT authorisation required to fill a vacancy, either on a short-term or long-term basis. CLT have also reviewed the process for assessing requests for additional resources to ensure a single and consistent approach is taken to the development and appraisal of proposals and business cases.
- 2.6** As set out in paragraph 2.3 and Table ES1, the Q3 outturn forecast for the year is favourable with a surplus forecast at the end of the financial year.
- 2.7** The revenue budget is likely to come under further pressure in 2027/28 as the Council considers the impact from LGR and ensures services continue to be provided to residents as usual. There will be a demand on key staff to support the assessment of final proposal and plan for a new unitary structure in Gloucestershire, and implementation of the proposal from mid-2026 following the Government’s decision.
- 2.8** It is expected that additional capacity will be needed to support the emerging Corporate Plan, ensure services continue to be provided to residents, and support LGR. Therefore, it is proposed to maximise the level of resources available over the next 2 years, any additional budget surplus or one-off benefit is transferred to earmarked reserves (Capacity Building) at year end, subject to the final outturn position.
- 2.9** Council approved the 2026/27 Budget at their meeting on 23 February 2026. Included within the [2026-27 Revenue Budget, Capital Programme and Medium Term Financial Strategy report](#) was a Reserves and Balances forecast (Section 7). This set out the



recommendation that a balance of £1m is maintained to support the Council over the next 2 years.

2.10 With a more favourable outturn forecast and allowing for the (potential) increased cost/reliance on interim staff recommendation is to increase the reserve balance to £1.5m.

2.11 The Q3 forecast reflects a total underspend of £0.733m within employee-related budgets for 2025/26. This is due to the Vacancy Management approach set out in the Q1 and Q2 Financial Performance report:

- **Vacant** posts not yet filled, resulting in savings of £0.165m plus positions included in the 2025/26 budget for Transformation, Learning & Organisational Development and Strategic Housing have not been appointed, generating revenue savings of £0.240m.
- Lower anticipated expenditure on **recruitment** contributing £0.096m.
- Lower costs of Phase 2 of **Publica Review** against the prudent estimate resulting in an underspend of £0.232m

In line with the strategy agreed within the Q2 report, these savings are forecast to be transferred to earmarked reserves (Capacity Building) at year end, subject to the final outturn position. Consequently, the underspends have a net nil impact on the forecast variance to budget.

2.12 The material forecast variations are listed below with further details in Section 4 of this report.

- **Forecast income variations** – underachievement: Cemeteries (£39k), Environmental Protection (£15k). Additional Income: Licensing (£30k), Building Control (£44k), Bulky Waste (£31k), Recycling income (£30k), Income from Court Costs (Council tax and Business Rates) (£30k)
- **Car Parks** income from car park fees above budget (£241k), permits (£6k) and penalty charge notices (£8k)
- **Development Management Fees** – exceeded budget by £0.674m
- **Trinity Road Utility costs** - £21k under budget
- **Post and Printing** - costs forecast to exceed budget by £49k, predominantly within the Revenues and Benefits service.
- **Recycling contracts** – Kerbside collection of cans and plastics, 'bring banks' and Waste electrical electronic equipment (WEEE) undertaken by contractor (£30k favourable)
- **Commercial Property** rental income and vacant property costs (£64k adverse variation)
- **Street Services** a £0.300m adverse variation against the £0.300m savings target (£0.300m reported at Q2).



- **Treasury Management** and interest receivable performance (£0.376m positive variation, increase of £0.029m from Q2) with £0.376m to be transferred to the Treasury Management Reserve.
- **Members Allowances** – Increases to Members’ Special Responsibility Allowances, as recommended by the Independent Remuneration Panel in December 2025 and backdated to 1 April 2025, have resulted in an adverse variance of £0.036m against budget.

2.13 A summary of the Capital Programme outturn forecast is shown in the table below.

Table ES3 – Capital Programme Outturn Forecast

| Capital Programme | 2025/26 OB (£'000) | 2025/26 LAB (£'000) | 2025/26 Actuals to Q2 (£'000) | 2025/26 Outturn (£'000) | 2025/26 Outturn Variance (£'000) |
|--|-------------------------------|------------------------------------|--|--|---|
| Leisure & Communities | 0 | 244 | 218 | 244 | 0 |
| Housing/Planning and Strategic Housing | 1,718 | 1,845 | 1,098 | 1,500 | (345) |
| Environment | 1,132 | 651 | 351 | 475 | (176) |
| ICT, Change and Customer Services | 350 | 150 | 120 | 152 | 2 |
| UK Rural Prosperity Fund | 0 | 229 | 131 | 229 | 0 |
| UK Shared Prosperity Fund Projects | 327 | 60 | 20 | 60 | 0 |
| Land, Legal and Property | 500 | 200 | 0 | 0 | (200) |
| TOTAL Capital Programme | 4,027 | 3,379 | 1,938 | 2,660 | (719) |

2.14 The capital programme is a forecast underspend of £0.719m. Further details are provided in Section 5 of this report.

2.15 The final 2025/26 outturn financial position will be presented to Members at the July 2026 Cabinet meeting.

3. EXTERNAL ECONOMIC ENVIRONMENT

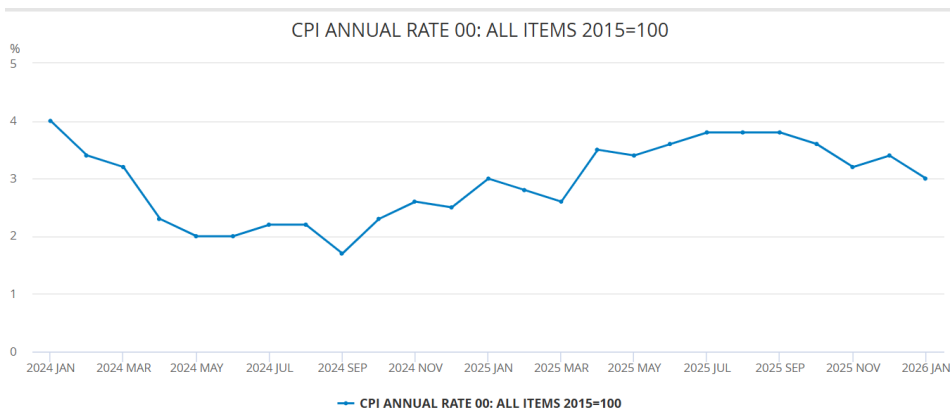
Inflationary Pressures

3.1 The level of inflation, as measured by the Consumer Prices Index, for January 2026 reduced to 3% (from 3.4% in December 2025). Although it is not the Government's preferred measure of inflation, the Retail Prices Index is 3.8% (4.2% in December 2025). Core inflation (as defined by the Office for National Statistics as the CPI Rate excluding energy, food, alcohol, and tobacco) reduced to 3.1% (3.2% in December 2025).



- 3.2** Current macroeconomic conditions also present further financial risk for the Council. Inflation is now expected to remain elevated for longer, driven largely by the sustained surge in global energy prices following the escalation of conflict in the Middle East. The near total blockade of the Strait of Hormuz has pushed oil and gas prices sharply, with analysts warning of an inflation spike during 2026 as the UK – heavily reliant on imported energy – is particularly exposed to these pressures. Forecast suggest that while inflation may ease temporarily in early 2026, it is likely to rise again mid-year before gradually falling back towards target levels.
- 3.3** Interest rate expectations have also shifted materially. Markets, which only weeks ago anticipated one or two Bank of England rate cuts in 2026, are now pricing in up to four interest rate increases before the year ends as trader respond to rising gilt yields and the inflation outlook.
- 3.4** These developments create additional cost and demand pressures across Council services, heighten uncertainty in investment planning and could lead to volatility in borrowing costs (if undertaken).

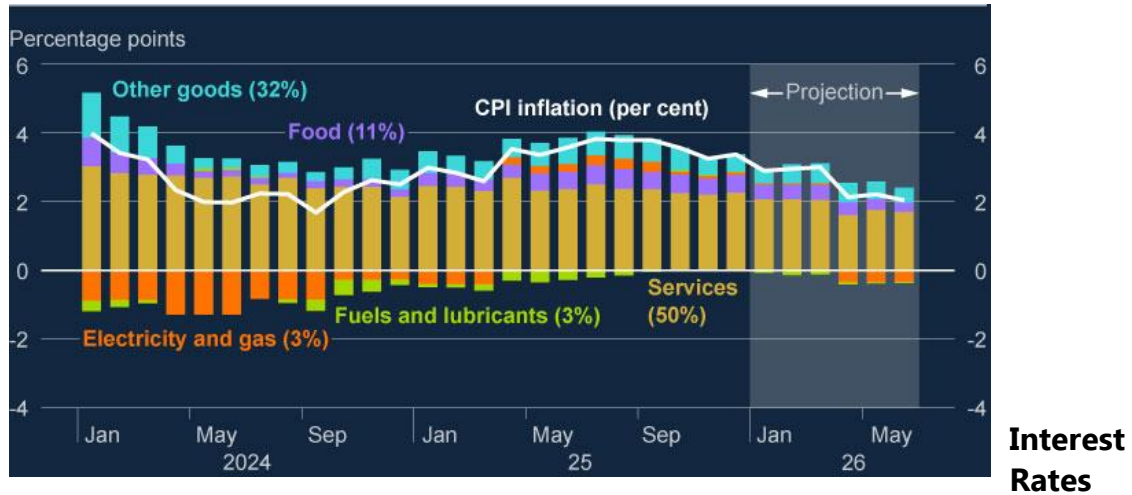
Graph A – CPI Inflation



- 3.5** Although there has been substantial disinflation over the past two years, the Council is subject to specific inflationary pressures on its services (e.g., fuel costs on waste and recycling service) which have tended to track higher than CPI and RPI but has fallen below CPI during 2025. Despite recent falls, experts note that future energy price volatility (e.g., from geopolitical events) could reverse this trend, potentially driving headline inflation up again.
- 3.6** In its February 2026 Monetary Policy Report, the Bank of England confirmed that CPI inflation is forecast to fall close to 2.1% in Q2 2026 before gradually returning to the 2% target by mid-2027. The graph below shows the CPI forecast published in the quarterly Bank of England Monetary Policy Committee report (February 2025).



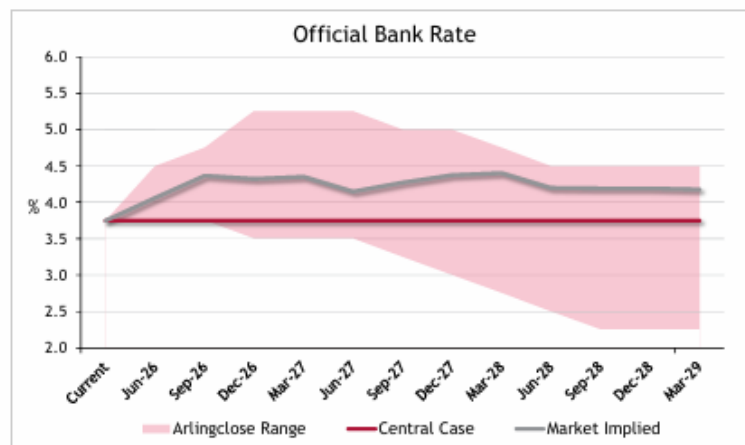
Graph B – Bank of England Chart – Inflation



Interest Rates

- 3.7** The Bank of England reduced the Base Rate by a further 0.25% to 3.75% in December 2025, noting that the economy had moved beyond “the recent peak in inflation” and that inflation had continued to fall. The Bank stated that “we have cut interest rates for the sixth time, to 3.75% today. We still think rates are on a gradual path downward. But with every cut we make, how much further we go becomes a closer call.” This reduction had been widely anticipated following the lower inflation figures reported in December.
- 3.8** Inflation remains above the 2% target, the outbreak of war in Iran and the Middle East has disrupted the transportation and supply of oil and gas, pushing up energy prices. As a result, inflation is now expected to be higher than previously forecast, making further rate cuts less likely in the short term.
- 3.9** At the **19 March 2026** meeting, the Bank of England held the Base Rate at **3.75%**. The next interest rate decision is scheduled for **30 April 2026**.

Graph C – Interest Rate Forecast (March 2026)





3.10 Whilst there is no underlying need to borrow with the Capital Programme financed through internal resources and external grants and contributions, any additional capital expenditure proposed during the year will need to consider the availability and cost of capital financing including prudential borrowing.

4. 2025/26 REVENUE BUDGET FORECAST

- 4.1** There have been marginal changes to the overall forecast since Q2; however several movements are worth noting, particularly within Planning and Car Parks; where updated income and activity levels have resulted in larger than planned transfers to earmarked reserves. Planning fee income has overachieved by £0.674m at Q3 (increase of £0.274m from Q2), and this additional income will be transferred to the 'Planning Appeals Reserve'.
- 4.2** Net car park income has improved by £0.082m, leading to a total of £0.165m above budget being allocated to fund the replacement of pay-and-display machines within the Council's Capital Programme. Forecast underspends within Homelessness (£0.070m) and Legal Service salaries (£0.031m) have also resulted in amounts being earmarked for use in future years.
- 4.3** Savings from vacancies and from the implementation of 'Publica Phase Two Review' have resulted in a total transfer of £0.733m to the Capacity Building earmarked reserve (compared to £0.710m forecast at Q2).
- 4.4** Recent global events – particularly the conflict in the Middle East which as driven sharp increases in oil and gas prices – have added renewed pressure on inflation and certainty around future energy and fuel costs. However, these impacts are likely to have a material effect on the Council's 2025/26 position, as inflation had already been easing and was expected to return close to target in early 2026. The greater concern relates to 2026/27, where sustained disruption to energy markets and market expectations of higher inflation and fuel price volatility may lead to increased cost pressures including for diesel, HVO and electricity.
- 4.5** The Revenue Budget was approved by Council at their meeting on 24 February 2025 with no adjustments made during the financial year to date.

Table 1 – Revenue Budget reconciliation

| Budget Item | (£'000) |
|---|----------------|
| Original Budget (Council, 24 February 2025) | 15,704 |
| Adj: | |
| Adj: | |
| Adj: | |
| Adj: | |
| Latest Budget | 15,704 |



- 4.6** The revenue budget was adjusted during Q2 as budgets are amended to reflect the transfer of services from Publica to the Council in Phase 2 of the Publica Transition. Whilst the net budget position (£15.704m) did not change, the composition of the budget (i.e. subjective split between Pay and Non-Pay budgets) and net service budgets has been amended.
- 4.7** As of 31 December 2025 (Q3) the Council's net expenditure (excluding Funding and Parish Precepts) was £9.469m against the profiled budget of £11.160m.
- 4.8** The forecast outturn for 2025/26 is £15.839m, with funding exceeding the budget by £0.182m due to a higher-than-budgeted allocation of the Extended Producer Responsibility (EPR) grant. This results in a net favourable variance of £0.045m against the net budget.
- 4.9** Table 2 provides Members with an overview of the material outturn variations forecast across services, while Table 3 details the non-service revenue expenditure and income budgets.

Table 2 – Revenue Budget Outturn Forecast Summary

| | 2025/26 Latest Net Budget (£'000) | 2025/26 Profiled Budget to Q3 (£'000) | 2025/26 Actuals to Q3 (£'000) | 2025/26 Outturn Forecast (£'000) | 2025/26 Outturn Variance (£'000) |
|---|--|--|-------------------------------------|---|---|
| Revenue Budget | | | | | |
| Environmental & Regulatory Services | 695 | 467 | 406 | 633 | (61) |
| Business Sup. Svcs - Finance, HR, Procurement | 1,425 | 985 | 934 | 1,428 | 3 |
| ICT, Change & Customer Services | 2,488 | 1,946 | 1,938 | 2,474 | (14) |
| Assets, Property & Regeneration | 963 | 670 | 489 | 711 | (251) |
| Publica Executives and Modernisation | 104 | 77 | 77 | 104 | 0 |
| Revenues & Housing Support | 842 | 553 | 501 | 771 | (71) |
| Environmental Services | 4,755 | 2,683 | 2,376 | 4,441 | (313) |
| Leisure & Communities | 2,380 | 829 | 679 | 2,295 | (85) |
| Planning & Strategic Housing | 1,682 | 525 | (105) | 993 | (689) |
| Democratic Services | 1,366 | 998 | 967 | 1,351 | (14) |
| Retained and Corporate | 2,593 | 1,955 | 2,194 | 2,733 | 140 |
| Subtotal Services | 19,291 | 11,689 | 10,456 | 17,935 | (1,356) |
| Less: Reversal of accounting adjustments | (1,925) | | 0 | (1,925) | 0 |
| Revised Subtotal Services | 17,366 | 11,689 | 10,456 | 16,010 | (1,356) |
| Corporate Income & Expenditure | (1,663) | (529) | (986) | (171) | 1,491 |
| Provisions and Risk Items | 0 | 0 | 0 | 0 | 0 |
| Net Budget Requirement | 15,704 | 11,160 | 9,469 | 15,839 | 136 |
| Funded by: | | | | | |
| Council Tax | (7,065) | 0 | 0 | (7,065) | 0 |
| Retained Business Rates | (5,117) | 6,342 | 6,344 | (5,117) | 0 |
| Government Funding - Grants | (2,527) | (1,896) | (1,898) | (2,527) | 0 |
| Government Funding - NHB | (820) | (615) | (615) | (820) | 0 |
| Extended Producer Responsibility (EPR) | (1,502) | (1,127) | (1,261) | (1,683) | (181) |
| Collection Fund (surplus) / Deficit | 689 | 0 | 0 | 689 | 0 |
| TOTAL Funding | (16,342) | 2,705 | 2,570 | (16,523) | (181) |
| Budget shortfall/(surplus) | (638) | 13,865 | 12,039 | (684) | (45) |



Table 3 – Corporate Income and Expenditure

| Corporate Income and Expenditure | 2025/26 Latest Net Budget (£'000) | 2025/26 Actuals to Q3 (£'000) | 2025/26 Outturn Forecast (£'000) | 2025/26 Outturn Variance (£'000) |
|--|-----------------------------------|-------------------------------|----------------------------------|----------------------------------|
| Savings & Contingency and non service income and exp | 473 | 94 | 91 | (383) |
| Treasury Management - Interest Payable | 5 | 2 | 5 | (0) |
| Treasury Management - Interest Receivable | (1,303) | (1,083) | (1,679) | (376) |
| Minimum Revenue Provision (MRP) | 9 | 0 | 9 | 0 |
| Revenue Contribution to Capital Outlay (RCCO) | 0 | 0 | 165 | 165 |
| Transfer to/(from) Earmarked Reserves | (846) | 0 | 1,239 | 2,085 |
| | (1,662) | (986) | (170) | 1,491 |

- 4.10** As outlined, the forecast outturn position is a net underspend/favourable variance of £0.045m, a small increase in the reported forecast outturn since Q2 and includes proposed transfers of a number of forecast underspends outlined in 4.12 and 4.35 below.
- 4.11** The Council must ensure it can address the financial challenges arising from the Local Government Finance Settlement and Local Government Reorganisation (“LGR”) over the MTFs-period.
- 4.12** Oversight of the Vacancy Management process has been strengthened by the Corporate Leadership Team (“CLT”), with CLT authorisation required to fill a vacancy, either on a short-term or long-term basis. CLT have also reviewed the process for assessing requests for additional resources to ensure a single and consistent approach is taken to the development and appraisal of proposals and business cases.
- 4.13** As set out in paragraph 2.3 and Table ES1, the Q3 outturn forecast for the year is favourable with an increased surplus likely at the end of the financial year.
- 4.14** The revenue budget is likely to come under further pressure in 2026/27 and 2027/28 as the Council considers the impact from LGR and ensures services continue to be provided to residents as usual. There will be a demand on key staff to support the assessment of final proposal and plan for a new unitary structure in Gloucestershire, and implementation of the proposal from mid-2026 following the Government’s decision.
- 4.15** It is anticipated that additional capacity will be required to support delivery of the emerging Corporate Plan, maintain continuity of services for residents, and prepare for Local Government Reorganisation (LGR). To achieve this, it is proposed to maximise the resources available over the next two years by transferring any additional budget



surplus or one-off benefits to earmarked reserves (Capacity Building) at year-end, subject to the final outturn position.

- 4.16** Council approved the 2026/27 Budget at their meeting on 23 February 2026. Included within the [2026-27 Revenue Budget, Capital Programme and Medium Term Financial Strategy report](#) was a Reserves and Balances forecast (Section 7). This set out the recommendation that a balance of £1m is maintained to support the Council over the next 2 years.
- 4.17** With a more favourable outturn forecast and allowing for the (potential) increased cost/reliance on interim staff recommendation is to increase the reserve balance to £1.5m
- 4.18** This report assumes that the following underspends will be transferred to the Capacity Building earmarked reserve:
- £0.165m savings from vacancy management plus £0.240m new posts included in the 2025/26 budget
 - £0.328m underspend against the forecast impact of Publica Phase 2
- This results in a total transfer of £0.733m to the Capacity Building earmarked reserve.
- 4.19** This assumes that there are no additional expenditure commitments that would require support from the Financial Resilience Reserve (FRR). For the avoidance of doubt, the working assumption in the outturn forecast is:
- there is no material deterioration in the outturn forecast in Q4.
 - additional expenditure in any particular service area is offset by a corresponding decrease in expenditure in other service areas.

Key Variations

- 4.20** The material items which have had an impact on the Council's revenue budget are summarised below with narrative explaining the reasons(s) for the variation in the paragraphs that follow.
- 4.21** It is not expected that the £0.300m cost reduction included in the 2025/26 revenue budget for Street Cleaning will be achieved in the current financial year, as previously reported in the Q2 report. Initial scoping work has identified potential cost reductions and service efficiencies, and a broader review of service options is underway to ensure that service standards are clearly defined and aligned with deliverable savings. Following the APSE (Association of Public Service Excellence) review of service operations, options for cost reduction are now being evaluated and tested ahead of any decisions on future service design.



- 4.22 Cemetery fees** – forecast shortfall in income of £39k (£34k Q2) due to continued lower service use in Q3.
- 4.23 Licensing income** – is forecast to exceed budget by £30k largely in respect of taxi drivers' licences. (£30k at Q2)
- 4.24 Development Management fees** - overachievement of planning fees by £0.624m at Q3. This includes £1.267m of Planning Fees (29 Major, 215 Minor, 692 Other) (budget of £0.656m) £0.120m of Pre-Application fees (215), (budget of £0.107m).
- 4.25** The service has overachieved in planning application fee income as a result of a series of major housing and other developments that came forward within the three quarters of the financial year. Following the changes to the National Planning Policy Framework in December 2024, the Council can no longer demonstrate a 5-year housing land supply. This has resulted in a number of speculative housing and other developments coming forward during the first three quarters of 2025/26:
- 195 and 110 dwellings in Moreton-In-Marsh
 - 150 dwellings in Lechlade
 - 98 dwellings in Fairford (approved in September 2025)
 - 120, 95 and 60 dwellings in Mickleton
 - Solar farm near Siddington
 - Aldi food store in Bourton on the Water.
- 4.26** The team have received a number of pre-application enquiries relating to other potential future developments and the emerging Local Plan is likely to encourage early submission of potential site allocations with a number of these pre-applications progressing to full application stage.
- 4.27** This increase in planning applications (and associated income from fees) for major housing developments does bring additional risks. As a large number of these schemes are speculative, it is likely that a number will be refused permission and will therefore result in appeals or where granted could also be subject to judicial review. Given the scale of development, there is a high chance appeals are dealt with as informal hearings or inquiries which bring greater costs to the Council. Planning permission was recently refused for 54 dwellings in Lechlade, which will be dealt with as an appeal hearing in May, with the Public Inquiry for the 195 dwelling scheme in Moreton in Marsh taking place in April.
- 4.28** **It was approved in principle at the September 2025 Cabinet meeting to hold 50% of the forecast additional income as a risk provision to have the effect of reducing the net variation during the financial year. Due to the favourable position reported at Q2 and subject to the final outturn position for Development Management Fees remaining positive (i.e. income received in the year is above the budgeted level), it was approved that 100% of the variation is transferred to the Planning Appeals reserve.**



- 4.29** The Council is forecasting expenditure of around £0.300m on the **Local Plan** in 2026/27, including staff, consultancy and IT licence costs. This will be fully funded from the **Local Plan reserve** and will therefore have no impact on the Council's forecast outturn position.
- 4.30** The Council is not expected to achieve the budgeted level of commercial rental income from its **Investment Properties** due to ongoing economic challenges in the retail and office sectors, which are exerting downward pressure on rents. A forecasted income shortfall of £0.064m is forecast primarily related to the out-of-district investment property (former Wilko's store in Great Bridge, Tipton). A lease agreement with a new tenant was agreed earlier in the calendar year, with occupation commencing in July 2025 following completion of fit-out. In common with most commercial lettings, the lease agreement includes a six-month rent-free period. The variation arises due to the new lease commencing later than anticipated than the budget assumption, and additional empty property costs over the time period.
- 4.31** Following the installation of Solar PV at Trinity Road and rental income from the **tenanted areas of Trinity Road Offices**, the Council is forecast to achieve £0.045m, in income for 2025/26. This represents an excess of £0.020m above the budgeted target of £0.025m. Live data dashboards provide updates on occupancy and enquiries supporting proactive management. Formal quarterly performance meetings continue to monitor process. Current occupancy: 45% of offices let and 46.5% of available desks occupied.
- 4.32** Income from the Council's **Car Parks** has continued to perform positively in the first three quarters of 2025/26 with income forecast to exceed budget by £0.241m. Income from Car park permits is also expected to exceed budget by £0.006m whilst Penalty Charge Notices (PCNs) is forecast to be £0.008m above target, income budgets for 2025/26 were reduced to reflect current financial performance and ensure the budget estimates approved by Council in February 2025 were robust. The Council's Car Parking Strategy 2025-2028 and action plan, approved and adopted by Cabinet in November 2025 included a recommendation to consider strengthening enforcement resources to match the needs of the district.
- 4.33** The car park expenditure budget includes a forecast underspend of £0.024m, primarily relating to costs such as repairs and maintenance, business rates and parking and permit software charges.
- 4.34 Building Control** – The first three quarters of 2025/26 has seen a notable improvement in performance compared to 2024/25. Market share is averaging 68% up to the end of Q3, with 396 applications processed, representing a 9% increase in market share compared to the same period last year. Application volumes remain



steady, with only a slight year-on-year decrease of 6 applications. Income has exceeded the budget by £0.048m to date. Building regulation fees were increased for the 2025-26 financial year to better reflect the cost of running the service. Forecast income outturn is currently reported as being £0.060m above budget. Expenditure is forecast to be overspend by £0.016m due in part to audit fees arising from the Building Safety regulator. Despite this expenditure pressure, the service is forecasting a net favourable variance of £0.044m.

4.35 Public Conveniences – Income from public conveniences charges is currently in line with the approved budget. Charging has been implemented at ten of the eleven public conveniences across the district, including Chipping Campden, Tetbury and Lechlade from August 2025. Further options will need to be explored during 2026/27 to minimise or eliminate entirely the net subsidy required to operate these facilities of £0.164m for 2025/26 (excluding depreciation and assumes income of £0.110m from fees). The public conveniences in Northleach where no charge is currently applied, are scheduled to transfer to Northleach and Eastington Town Council from 1st April 2026, subject to an agreement and the provision of a one-off grant of £0.008m

4.36 Land Charges – income is forecast to be above target at the end of the financial year (£0.036m favourable) Application volumes have seen a notable increase in the first three quarters of 2025/26, with 1,243 searches received, compared to 1,081 in Q3 2024/25. This represents a 15% year-on-year rise, significantly above the typical average for this point in the year of around 1,000 applications. 444 searches have also been received between January and February 2026 (compared to 395 in the last quarter and 295 for the same period last year). These included a large multiple plot search from a local housing association.

4.37 Green Waste fees achieved the budgeted income of £1.588m by the third quarter of the 2025/26 financial year.

4.38 Despite an increase in budget of £0.030m in 2025/26, Expenditure in respect of **postage and printing**, predominantly within the revenues and benefits and garden waste service is forecast to be overspent by £0.047m by the end of the financial year. This includes 6,374 letters sent out as part of the LIFT project and increases in pricing. The 2026/27 budget has been adjusted to reflect increased costs and demands and will be monitored during 2026/27.

4.39 Members' Allowances – Increases to Members' Special Responsibility Allowances, as recommended by the Independent Remuneration Panel in December 2025, to reflect the workload and leadership responsibilities of Members holding special responsibility posts (Leader, Deputy Leader, Chair, Vice Chair, Committee Chairs/Vice Chairs, Leader



of the opposition), were backdated to 1 April 2025. These changes have resulted in an adverse variance of £0.036m against budget.

4.40 Underspends relating to **Homelessness**—arising from higher than forecast grant income (£76k)—together with underspends relating to **Legal Services team vacancies** (£31k) and the delayed publication of **Cotswold News** (£20k), which will now be issued early in 2026/27, are to be transferred to earmarked reserves (subject to approval) as part of the closure of the 2025/26 financial year. These funds will be drawn down for use in 2026/27.

4.41 Ubico Contract – the Council’s Environmental (grounds maintenance, street cleaning, domestic waste collection, recycling collections etc) are provided by Ubico Ltd. The contract with Ubico for 2025/26 of £8.863m is forecast to cost £8.926m – an adverse variation of £0.063m This is predominantly due to additional costs of £0.097m due to higher than estimated vehicle hire and repair costs (£0.044m), higher training costs (£0.010m) and higher employee costs caused by high levels of sickness in waste and recycling (£0.116m), offset by vacancies within street cleaning, grounds and cemetery (£0.111m). These pressures have been partially mitigated by lower diesel costs due to favourable pump prices compared to budget throughout the majority of the year (£0.090m), recent increases in pump prices have been factored into the outturn position. The table below provides members with an overview of the financial performance of the Ubico Contract (table 5).

Table 5 – Ubico Contract Monitoring

| Waste, Recycling, Street Cleaning and Grounds Maintenance Services | Ubico Contract Costs OB (£'000) | Ubico Contract Costs CS (£'000) | Forecast Outturn (£'000) | Forecast Outturn Variance (£'000) |
|---|--|--|---------------------------------|--|
| Car Parks GM [CTW668] | 68 | 68 | 60 | (8) |
| CCM001 Cemetery/Churchyards GM [CTW688] | 166 | 166 | 146 | (19) |
| RYC002 Garden Waste Collection [CTW634] | 1,310 | 1,310 | 1,316 | 7 |
| WST001 Household Waste [CTW611] | 1,844 | 1,844 | 1,879 | 35 |
| RYC001 Recycling [CTW633] | 3,340 | 3,340 | 3,403 | 63 |
| RYC003 Refuse/Recycling/Food Waste [CTW635] | 732 | 732 | 769 | 37 |
| STC001 Street Cleaning [CTW666] | 1,387 | 1,387 | 1,337 | (50) |
| Trinity Road Offices GM [CTW668] | 17 | 17 | 15 | (2) |
| Grand Total | 8,863 | 8,863 | 8,926 | 63 |
| Net variation on contract | | | | 63 |



Treasury Management

- 4.42** Dividends from the Council's longer-term investments (Pooled funds and Real Estate Investment Trusts) of £0.393m were received in the nine months to the 31 December 2025 year achieving a return of 4.88%. Interest from short term cash deposits including the Debt Management Office (DMO) was £0.657m due to higher surplus balances and interest rates remaining at a higher level than assumed in the budget and MTFS.
- 4.43** It should be noted that the budgeted level of net investment income for 2025/26 is £1.208m – a decrease of £0.077m over the 2024/25 budgeted level and recognises the current interest rate position. This is a prudent estimate for the year and is lower than the final 2024/25 level of investment income achieved of £1.621m given the forecast interest rate reductions over the financial year.
- 4.44** It is not expected that the current interest rate level will be maintained over the MTFS period, as set out in Section 3 of this report, with expectations of investment income in 2026/27 reducing to £1.1m with a further reduction to £0.867m by 2027/28.
- 4.45** A prudent forecast of investment income has been included in the outturn forecast of £1.515m. This includes the expectation that the base rate would be reduced in March 2026 to 3.5% (which is now less likely, given rising geopolitical risks). This results in a £0.376m positive variance against budget and subject to the outturn position at year end will be transferred to the Treasury Management risk reserve to mitigate any potential losses on pooled funds or borrowing costs in the future.
- 4.46** The level of investment income for the year will depend on the performance of both short-term investments (Money Market Funds, deposits with the DMO) and dividends from the long-term investment. The table below provides members with a high-level overview of the Council's Treasury Management investments on 31 December 2025.



Table 6 – Treasury Management Investments

| Investment type | Balance Invested at 31/12/25 (£'000) | Investment Income received to 31/12/2025 (£'000) | 2025/26 Forecast (£'000) | Interest Rates at 31/12/25 (%) |
|---|---|---|---------------------------------|---------------------------------------|
| Bank of England DMADF | 17,180 | 338 | 611 | 3.74 |
| Money Market Funds | | | | |
| Federated Money Market Fund | 3,000 | 95 | 122 | 3.92 |
| DGLSMoney Market Fund | 3,000 | 95 | 122 | 3.91 |
| Insight Liquidity Money Market Fund | 3,000 | 88 | 116 | 3.88 |
| Lloyds Instant Access | 1,500 | 17 | 18 | 3.51 |
| Santander Call Account | 1 | - | 1 | 1.98 |
| Other Short-term deposits | 1,500 | 24 | 24 | 3.89 |
| Real Estate Investment Trusts (REIT) | | | | |
| Fundamentum Housing REIT | 640 | 8 | 30 | 3.01 |
| Cash Plus Fund | | | | |
| Federated Cash Plus Fund | 1,252 | - | - | N/A |
| Pooled Funds | | | | |
| CCLA Property Fund | 2,198 | 75 | 98 | 3.99 |
| Schroders Income Maximiser Fund | 982 | 55 | 66 | 8.67 |
| CCLA Cautious Multi Asses Fund | 932 | 23 | 27 | 4.58 |
| M&GUK Income Fund | 2,063 | 88 | 104 | 10.71 |
| Ninety-One (Investec) Diversified Fund | 1,850 | 66 | 87 | 4.30 |
| Columbia Threadneedle Bond Fund | 1,967 | 65 | 88 | 4.14 |
| | 41,065 | 1,037 | 1,514 | 4.59 |

4.47 Council approved the Capital Strategy and the Treasury Management Strategy (including the Non-Treasury Management Investment Strategy) at their meeting on 24 February 2025. Audit and Governance Committee have responsibility for reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code and receiving performance reports. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports.



4.48 The CIPFA Code was updated in 2021 and includes the mandatory requirement, from 01 April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are expected to be included in the Council's usual revenue and capital monitoring reports. Section 5 and **Annex B** of this report provide members with an overview on the non-treasury position.

Corporate Income and Expenditure, Provisions, and Risk

4.49 As outlined in Tables 3 and 4 there are variations forecast across the Corporate Income and Expenditure budgets. These budgets support the General Fund Revenue budget and are typically the non-service items such as Treasury Management, financing, contingency budget, and provisions for risk.

4.50 As outlined earlier in the report, a risk provision of £0.300m has been included in the outturn forecast to cover an expected shortfall against the Street Cleaning savings target of £0.300m.

4.51 As outlined earlier in this section, the performance of the Council's Treasury Management Investments is a result of higher than anticipated interest rates and surplus balances to invest.

5. CAPITAL PROGRAMME

5.1 Council approved the revised Capital Programme for 2025/26 at their meeting on 23 February 2026. The Capital Programme has been updated to reflect adjustments as set out in Table 8 below.

5.2 The revised capital programme for 2025/26 is £3.379m with a total net spend of £1.938m as at 31 December 2025.



Table 7 – Capital Programme budget reconciliation

| Capital Programme Reconciliation | (£'000) |
|---|----------------|
| Original Budget (Council, 24 February 2025) | 4,027 |
| Slippage from 2024/25(Cabinet 10 July 2025) | 565 |
| Reallocation of the UKSPF capital budget (£0.327m) as follows: - £0.229m to Rural England Prosperity -£0.060m to UK Shared Prosperity Fund (UKSPF Capital) in line with agreed allocations. This results in a net reduction of £0.038m, in line with agreed allocations. | (38) |
| Revised Capital Programme (Council 23 February 2026) | (1,175) |
| Latest Budget | 3,379 |

Table 8 – Capital Programme Outturn Forecast

| | 2025/26 OB (£'000) | 2025/26 LAB (£'000) | 2025/26 Actuals to Q2 (£'000) | 2025/26 Outturn (£'000) | 2025/26 Outturn Variance (£'000) |
|--|-----------------------|---------------------------|-------------------------------------|-------------------------------|---|
| Capital Programme | | | | | |
| Leisure & Communities | 0 | 244 | 218 | 244 | 0 |
| Housing/Planning and Strategic Housing | 1,718 | 1,845 | 1,098 | 1,500 | (345) |
| Environment | 1,132 | 651 | 351 | 475 | (176) |
| ICT, Change and Customer Services | 350 | 150 | 120 | 152 | 2 |
| UK Rural Prosperity Fund | 0 | 229 | 131 | 229 | 0 |
| UK Shared Prosperity Fund Projects | 327 | 60 | 20 | 60 | 0 |
| Land, Legal and Property | 500 | 200 | 0 | 0 | (200) |
| TOTAL Capital Programme | 4,027 | 3,379 | 1,938 | 2,660 | (719) |

5.3 The outturn forecast for the current year is an underspend of £0.719m. **Annex A** sets out the detailed forecast outturn with commentary from budget holders and is summarised in table 8 above.



5.4 The Capital Programme was significantly revised in the budget papers considered by Council at their meeting on 23 February 2026. The significant variations forecast on the Capital Programme are:

- **Asset Management Strategy** - A forecast underspend of £0.200m is anticipated against the revised budget, primarily due to planned roof works at Abberley House being deferred to 2026/27. The delay reflects the need to align the works with the wider asset management and funding will be reprofiled in the 2026/27 capital programme.
- **Private Sector Housing Renewal (Disabled Facilities Grant)** - Estimated that the annual expenditure will be approximately £1.5m resulting in an underspend of £0.275m.
- **Provision for financing of Ubico Vehicles** – underspend of £0.254m forecast against budget. Procurement for the replacement of five 3.5-tonne cage vehicles has been completed, and the vehicles are scheduled for delivery in Q1 of 2026/27. As part of the year-end outturn process, it is expected that the associated budget will be carried forward into 2026/27, subject to approval.
- **Bromford Joint Venture - (£0.070m)** Planning consent was granted on the 12 March, However Bromford need to resolve issues around drainage which is delaying the commencement of the work. This may delay commencement of works until 2027 unless Thames Water bring their upgrade plans forward.
- **Public Conveniences** – Accelerated rollout of payment devices including new doors at West Street (Tetbury), Chipping Campden, Lechlade, Northleach, and replacement paddle gates at the two facilities in Bourton-on-the-Water (Rissington Road and Church Rooms). Additional spend of £0.050m will be funded from capital receipts.
- **Waste and Recycling Receptacles** - The rolling budget for the purchase of waste and recycling receptacles is forecast to overspend by £0.050m in 2025/26. This pressure reflects continued growth in the number of properties and an increase in replacement container requests. Officers will review whether the existing budget is sufficient for 2026/27, noting that container replacement rates are currently being benchmarked as part of a waste review being undertaken by Tetra Tech. The forecast overspend for 2025/26 will be funded from capital receipts.

5.5 At their meeting on 31 October 2023 Overview and Scrutiny Committee recommended that the Capital Programme should be kept under review to ensure the revenue impact of capital expenditure and financing decisions were fully considered.



Capital Receipts and Disposals

- 5.6** There have been no asset disposals during the third quarter of the financial year. Total net receipts of £0.568m received in the 2025/26 financial year to date, no further receipts are forecast.

Table 9 – Capital Financing Forecast

| Capital Financing Statement | 2025/26 OB (£'000) | 2025/26 LAB (£'000) | 2025/26 Outturn (£'000) | 2025/26 Outturn Variance (£'000) |
|---|-------------------------------|------------------------------------|--|---|
| Capital receipts | 2,052 | 952 | 508 | (444) |
| Capital Grants and Contributions | 1,975 | 2,334 | 2,059 | (275) |
| Earmarked Reserves | 0 | 0 | 0 | 0 |
| Revenue Contribution to Capital Outlay (R | 0 | 0 | 0 | 0 |
| Community Municipal Investments (CMI) | 0 | 93 | 93 | 0 |
| Prudential Borrowing | 0 | 0 | 0 | 0 |
| | 4,027 | 3,379 | 2,660 | (719) |

- 5.7** The Capital Financing position set out in the table above will be reviewed by the s151 Officer as part of the financial year end closedown process as expenditure forecasts are updated to ensure a balanced use of capital resources and mitigation of current and future interest rates.

6. NON-TREASURY MANAGEMENT SUMMARY

- 6.1** The CIPFA Code was updated in 2021 and includes the requirement, mandatory from 01 April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are expected to be included in the Council's usual revenue and capital monitoring reports.

Prudential Indicators

- 6.2** The detailed Non-Treasury Management prudential indicators are included in **Annex B** with the commentary below providing members with a high-level summary.
- 6.3** Whilst there is no underlying need to borrow with the Capital Programme financed through internal resources and external grants and contributions, any additional capital expenditure proposed will need to consider the availability and cost of capital



financing. The 2025/26 outturn Treasury Management report to Audit and Governance Committee in July will set out the wider impact on the Capital Financing Requirement.

7. RISKS AND UNCERTAINTIES

- 7.1** The Q2 report outlined risks and uncertainties around the wider economic environment and achieving the Street Saving of £0.300m. Savings associated with the street cleaning service are now unlikely to be achieved.
- 7.2** As outlined in section 3 and 4.2, interest rates remained relatively high throughout 2025/26; with the Bank of England maintaining the base rate at 3.75% as it balanced easing domestic inflation against heightened geopolitical risks. Inflation had been falling and was expected to return close to the 2% target in early 2026, though the surge in global energy prices following conflict in the Middle East has introduced renewed upward pressure creating uncertainty for the next financial year.
- 7.3** A further risk was identified at Q2 concerning the additional Development Management fees received in the first half of the financial year and the forecast for the financial year. With an increase in speculative applications, it was agreed it would be prudent to set aside 100% of any potential additional income against planning appeals. This risk remains.

8. CONCLUSIONS

- 8.1** As set out in paragraph 2.3 and Table ES1, the Q3 outturn forecast for the year is favourable with a small surplus likely at the end of the financial year.
- 8.2** Income and expenditure budgets will continue to be monitored closely in the last month of the financial year.
- 8.3** The Council must ensure it can address the financial challenges arising from the Local Government Finance Settlement and Local Government Reorganisation ("LGR") over the MTFS-period.
- 8.4** This monitoring report provides an update on the Council's financial position. As outlined in the report, the forecasted favourable outturn will enable a transfer of £0.733m from underspends related to recruitment, vacancies, and the Publica review costs to the Capacity Building Reserve at year-end. This transfer will support capacity-building initiatives in preparation for Local Government Reorganisation (LGR).
- 8.5** The increase in major planning applications (and associated income from fees) for housing developments does bring additional risks. As a large number of these schemes are speculative, it is likely that a number will be refused permission and will therefore result in appeals. Given the scale of development, there is a high chance



appeals are dealt with as informal hearings or inquiries which bring greater costs to the Council. Planning permission was recently refused for 54 dwellings in Lechlade, which will be dealt with as an appeal hearing in May, with the Public Inquiry for the 195 dwelling scheme in Moreton-in-Marsh taking place in April.

At its January 2026 meeting, Cabinet approved in principle that 100% of income generated in excess of the budgeted amount be transferred to the Planning Appeals earmarked reserve, given the favourable forecast outturn position. Based on current forecasts, £0.674m is expected to be transferred

9. FINANCIAL IMPLICATIONS

9.1 The detailed financial implications are set out in the report.

10. LEGAL IMPLICATIONS

10.1 Under Part 2 Local Government Act 2003, the Council must, from time to time during the year, review the calculations it has used to set its budget. The Council's Chief Financial Officer is required to report to the Council on the robustness of estimates made for the purposes of calculating the annual budget, and on the adequacy of proposed financial reserves. Members must have regard to that report when making decisions about the calculations in connection with which it is made.

11. RISK ASSESSMENT

11.1 Section 7.7 of the report set out the material risks and uncertainties.

12. EQUALITIES IMPACT

12.1 None

13. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

13.1 None

14. BACKGROUND PAPERS

14.1 None

(END)