



COTSWOLD

District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 10 JULY 2025
Subject	FINANCIAL PERFORMANCE REPORT – Q4 2024/25
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 of the outturn position for the 2024/25 financial year.
Annexes	Annex A – Capital Programme Outturn Annex B – Non-Treasury Management Prudential Indicators Annex C – Summary of Earmarked Reserves
Recommendation(s)	That Cabinet resolves to: <ol style="list-style-type: none">1. Review and notes the outturn financial position set out in this report.2. Review and note the Non-treasury Prudential Indicators in Annex B.3. Approve the transfer to and from reserves as set out in paragraph 2.9 to 2.12 and 6.1 to 6.6 and Annex C.4. Approve the carry forward of unspent capital budget included in paragraph 6.5 of £0.565m into the 2025/26 Capital Programme.5. Note the change in provisions as set out in paragraph 2.8
Corporate priorities	<ul style="list-style-type: none">• Delivering Good Services



Key Decision	No
Exempt	No
Consultees/ Consultation	None

1. BACKGROUND

- 1.1** This report provides members with the outturn position statement for the 2024/25 financial year and should be viewed in the context of the [2025/26 Revenue Budget, Capital Programme and Medium Term Financial Strategy](#) report approved by Council in February 2025.
- 1.2** This reports updates members on the significant budget variations identified in the quarterly financial reports considered by Cabinet during the 2024/25 financial year.
- 1.3** Section 2.9 – 2.12 and 6.1 to 6.6 of this report proposes transfers to and from earmarked reserves, with Section 6 requesting approval of capital slippage to be carried forward and included in the 2025/26 capital programme.

2. EXECUTIVE SUMMARY

- 2.1** This report sets out the outturn position for the 2024/25 financial year and will be reviewed by Overview and Scrutiny Committee at their meeting on 07 or 08 July 2025.
- 2.2** The revenue outturn position is a positive variation of £0.262m. This represents an improved financial position for the year and is a marked improvement on the Q3 forecast (adverse variation of £0.081m). This provides the opportunity additional financial sustainability over the MTFS-period.



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Table ES1 – Revenue Budget Outturn

	2024/25 Latest Net Budget (£'000)	2024/25 Actuals to Q4 (£'000)	2024/25 Outturn Variance (£'000)	Q3 2024/25 Outturn Variance (£'000)	Movement from Q3
Revenue Budget					
Subtotal Services	17,848	18,004	156	451	(296)
Less: Reversal of accounting adjustments	(1,865)	(1,797)	68	0	68
Revised Subtotal Services	15,983	16,207	224	451	(228)
Corporate Income & Expenditure	203	(283)	(486)	(370)	(116)
Provisions and Risk Items	0	5	5	0	5
Net Budget Requirement	16,186	15,929	(258)	81	(339)
Funded by:					
Council Tax	(6,597)	(6,597)	0	0	0
Retained Business Rates	(6,139)	(6,139)	(0)	0	(0)
Government Funding - Grants	(3,206)	(3,214)	(8)	0	(8)
Government Funding - NHB	(287)	(287)	0	0	0
Collection Fund (surplus) / Deficit	(473)	(469)	5	0	5
TOTAL Funding	(16,702)	(16,706)	(4)	0	(4)
Budget shortfall/(surplus)	(516)	(778)	(262)	81	(343)



Table ES2 – Revenue Budget – Reconciliation of variations

	Positive variation (£'000)	Adverse Variation (£'000)	Q3 Outturn Variance (£'000)	Movement from Q3 (£'000)
Variations at a glance				
<u>Service Variations</u>				
Fees & Charges	(106)	109	35	(32)
Car Parks (Fines and Permits)	0	82	87	(5)
Car Park (EVCP income)	(16)	0	(14)	(2)
Car Park (duplicates refunded)	0	20	0	20
Car Park Expenditure	(71)	36	(35)	0
Commercial Property - Rental income shortfall (risk)	(31)	201	176	(6)
Elections	0	93	88	5
Development Management Fees	0	(68)	(47)	(21)
Development Management Appeals	0	(25)	(20)	-5
Forward Planning Consultancy	0	39	25	14
Trinity Road, service charges and utilities	(130)	32	(65)	(33)
Ubico Forecast	0	62	71	(9)
Mobilisation costs - rezoning of Waste and Recycling	0	50	50	0
Consultancy - rezoning of Waste and Recycling	0	61	0	61
Recycling Income - Scrap	0	18	18	0
Recycling Income - Thamesdown	(30)	0	0	(30)
Recycling - Minor Contracts	(32)	0	(38)	6
Garden Waste - Printing	0	16	16	0
Street Naming	0	13	0	13
Scrap Vehicle receipts	(26)	0	0	(26)
South Cerney Depot - Repairs	0	35	12	23
Cotswold Crowdfund	(30)	0	(30)	0
Public Conveniences (Cleaning Contract)	0	18	18	0
Housing Strategy Role	0	42	41	1
Communications - Cotswold News	(15)	0	(15)	0
Legal	(11)	0	(24)	13
ICT	(69)	0	(60)	(9)
Corporate Finance Subscriptions	0	12	18	(6)
External Audit (Accounts and Housing Benefit)	0	52	38	14
Housing Benefit overpayments recovered	(236)	0	0	(236)
Postage and Printing	0	79	0	79
Court Cost Income (Council tax and Business Rates)	(45)	0	0	(45)
Discretionary Pension Payments	0	8	8	0
Other service variations	(73)	0	53	(126)



	Positive variation (£'000)	Adverse Variation (£'000)	Q3 Outturn Variance (£'000)	Movement from Q3 (£'000)
Variations at a glance				
Non-Service/Corporate Variations				
Publica underspend (net of savings target)	(277)	0	(182)	(95)
Publica annual leave accrual returned	(42)	0	0	(42)
Contingency	0	(175)	(200)	25
Street Service savings (included in Service)	0	150	150	0
Treasury Management income	(342)	0	(402)	60
Publica Review - Phase 1 - provision	0	182	182	0
Less: Vacancy Management Saving	0	(50)	(50)	0
Less: Other Vacancy Savings (net of Agency)	(227)		(160)	(67)
Add: Planning Agency Costs (net of vacancy)	0	112	102	10
Add: Recruitment Costs	0	78	78	0
Add: Communications Services	0	11	12	(1)
Add: Rebranding	0	17	20	(3)
Unbudgeted grant income (Transparency Grant)	-8	0	0	(8)
Increase in Bad Debt Provision/Release of Legal Provision associated with challenge to Local Plan housing requirement.	-100	105	0	5
MRP: lower than forecast as a result of lower level of capital expenditure.	-7		0	(7)
Correction of depreciation reversal error	0	67	0	67
Transfer to Reserves (TM, Planning Appeals, Cotswold Crowdfund)	0	180	125	55
Subtotal	(1,924)	1,662		
Net Outturn Variation		(262)	81	(343)

2.3 Members should note that whilst the outturn has improved since the quarter three forecast, there remain concerns around financial performance in certain service areas – particularly services where the Council’s net revenue budget is dependent on income from fees and charges.

2.4 Whilst the focus of this report is on the 2024/25 Outturn, it is important members continue to review and challenge service financial performance. As set out in the CIPFA Financial Management Code, performance reporting is important for the Council to remain financially sustainable. Members must receive timely information on its financial and operational performance so that corporate priorities are delivered within budget. Early information about emerging risks to financial sustainability are key to



ensuring the Council can take effective decisions and carefully consider an effective response.

- 2.5** Ahead of the Q1 Financial Performance Report (due to be considered by Cabinet at the September meeting), Heads of Service should take steps to identify management action(s) that will address underperformance and discuss these with the finance team and the relevant Director. Financial Performance Reports for 2025/26 will include options and recommendations for corrective action where underperformance against the budget has been identified, and options for improving financial performance even if the service is achieving income and expenditure targets.
- 2.6** A key aspect of this will be to explain financial performance in the context of service performance and outcomes. There is a risk with the current performance framework that aspects of service performance may be reported as on or above target, with little or no reference to financial performance. During 2025/2026 the Finance team will work with the Business and Intelligence unit to consider how best to review and report finance and service performance.
- 2.7** Updated material variations are outlined below with further details in Section 4 of this report.
- **Income variations** – underachievement: Public Conveniences (£33k) Land Charges (£17k), Cemeteries (£30k), Building Control (£29k). Additional Income: Bulky Waste (£46k), Green Waste (£46k), Licensing (£13k)
 - **Car Parks** income – underachievement of fines and permit income (£82k) and accrual for refund of £20k of potential duplicate payments caused by fault in the pay and display machines.
 - **Development Management fees** - overachievement of planning fees by £64k (increase of £21k from Q3).
 - **Commercial Property** rental income and vacant property costs (£170k adverse variation)
 - **Elections** – Overspend of £93k due to expenditure with Civica on the trial of tablets that cannot be claimed through the parliamentary expenses scheme, overspend



due to Chesterton by-election and higher than budgeted postage and canvassers fees.

- **Trinity Road Offices** – higher than budgeted income from service charges to tenants and lower than forecast business rates and energy costs (£98k)
- £62k of overspend in respect of vehicle hire, premises and insurance costs as part of the **Ubico Waste and Recycling contract**.
- £61k additional consultancy expenditure associated with **Waste and Recycling rezoning** in July 2024.
- **Miscellaneous Waste and Recycling** related variances – under achievement of income sale of scrap materials (£18k), expenditure associated with landlord obligations for South Cerney depot (£35k), reduced cost of recycling material contract (£32k), receipts from scrap sale of waste and recycling vehicles (£25k) and overachievement of recycling credits (£30k).
- **Postage and Printing costs**, costs exceeded budget, £59k overspend within revenues service and underachievement of postage savings target of £19k. (£78k)
- **Income from Court Costs (Council tax and Business Rates)** income achieved exceeded budget by £45k.
- **Housing Benefit overpayments recovered**, amounts recovered exceeded budget by £236k.
- Net underspend on the **Publica contract sum** (net of savings target) of £192k.
- **Contingency** Budget is forecast to remain unutilised (£175k underspend) which mitigates costs associated with the Waste and Recycling rezoning and overspend on Ubico contract.
- Cost reduction associated with the **Street Services** are shown in Table 5 of the report (net underspend of £0.098m) and to avoid double counting the savings target is shown as an adverse variation of £0.150m.
- **Treasury Management** and interest receivable performance (£0.342m positive variation), movement from Q3 of £60k due to interest in respect of Cottsway Housing Association Loan is payable in 2025/26 when loan converts to a secured loan. £1.125m (£1.00m budgeted and an additional £0.125m) to be transferred to the Treasury Management Reserve.
- **Publica Review** impact (part-year) of £0.182m included as a provision.



- Less: **Vacancy Management** underspend (Director of Communities and Place) £50k
- Less: Other vacancy savings (net of Agency costs) £227k
- Additional costs of **Planning Agency Costs** (net of vacancy) £112k
- Additional costs of **Communications** service (net of vacancy managements underspend of £40k) – £11k net adverse variation
- Additional **recruitment costs** of £78k for Phase 1 posts (Director of Communities and Place and senior Development Management roles.)
- Expenditure associated with the rollout of the **refreshed corporate branding** of £17k.
- Return of provision set aside in Publica budget for **annual leave accrued** and not taken. (£42k positive variation).
- Underspend on **Publica contract** (net of savings target) (£277k positive variation)
- Correction of accounting error in budget (reversal of impact of capital charges on General Fund results in adverse impact of £67k)

2.8 With the improvement in the outturn position at year end and recognising the need to set aside balances to mitigate risk and uncertainty, the following changes to provisions have been made:

- Bad Debt provision – Increase in sundry debtor provision of £105k.
- No longer required - Provision of £100k included in respect of Legal costs associated with challenge to Local Plan housing requirement.

2.9 Financial Sustainability Reserve – The outturn position enables the budgeted transfer of £0.516m from the General Fund to the Financial Resilience Reserve to be made. This will increase the balance on the reserve to £2.943m and provides one-off reserve funding to mitigate the budget gap identified in the MTFS and enable the Council to maintain financial sustainability over the MTFS-period/until 2027/28.

2.10 Transformation Reserve– It is proposed that the additional surplus from the General Fund (£0.262m) is transferred to the Transformation Reserve. The purpose of this reserve is to provide funding to support the Council's Savings and Transformation programme. It is proposed that reserve funding is utilised more broadly to address



potential financial pressures arising from Local Government Reorganisation, to provide further one-off/up front funding (pump priming) on an Invest-to-Save basis.

2.11 The 2024/25 revenue budget includes a net transfer from earmarked reserves of £0.301m to fund future commitments and make provisions for future financial pressures and risks – predominantly around Business Rate Income and Treasury Management income. The latest net budget has increased this figure to a net transfer to earmarked reserves of £2.146m (excluding transfer of surplus outlined in 2.9 and 2.10 above)

2.12 Annex C details the reserves held by the Council at 31 March 2025 and the proposed movements to/from and between reserves. The largest of these which affects the outturn position is a transfer of £1.125m (including £0.478m surplus on the Business Rate pool and S.31 grant which will be utilised in 2025/26 and 2026/27 to fund forecast business rate income deficit) to the Business Rate Risk Reserve.

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

Table ES3 – Capital Programme Outturn

Capital Programme	2024/25 LAB (£'000)	2024/25 Actuals to Q4 (£'000)	2024/25 Outturn (£'000)	2024/25 Outturn Variance (£'000)	Q3 2024/25 Outturn Variance (£'000)	Movement from Q3 (£'000)
Leisure & Communities	1,491	1,451	1,451	(40)	12	(52)
Housing/Planning and Strategic Housing	2,643	2,516	2,516	(127)	(66)	(61)
Environment	1,606	1,339	1,339	(267)	(85)	(182)
ICT, Change and Customer Services	150	138	138	(12)	0	(12)
UK Rural Prosperity Fund	752	752	752	0	0	0
UK Shared Prosperity Fund Projects	134	216	216	82	0	82
Land, Legal and Property	517	499	499	(18)	79	(97)
Transformation and Investment	257	211	211	(46)	(45)	(1)
TOTAL Capital Programme	7,550	7,122	7,122	(428)	(105)	(323)

2.14 The 2025/26 Revenue Budget, Capital Programme and Medium-Term Financial Strategy report approved by Council in February 2025 provided members with an



updated capital budget for the financial year and is shown in the table above. Movements from Q3 includes the following:

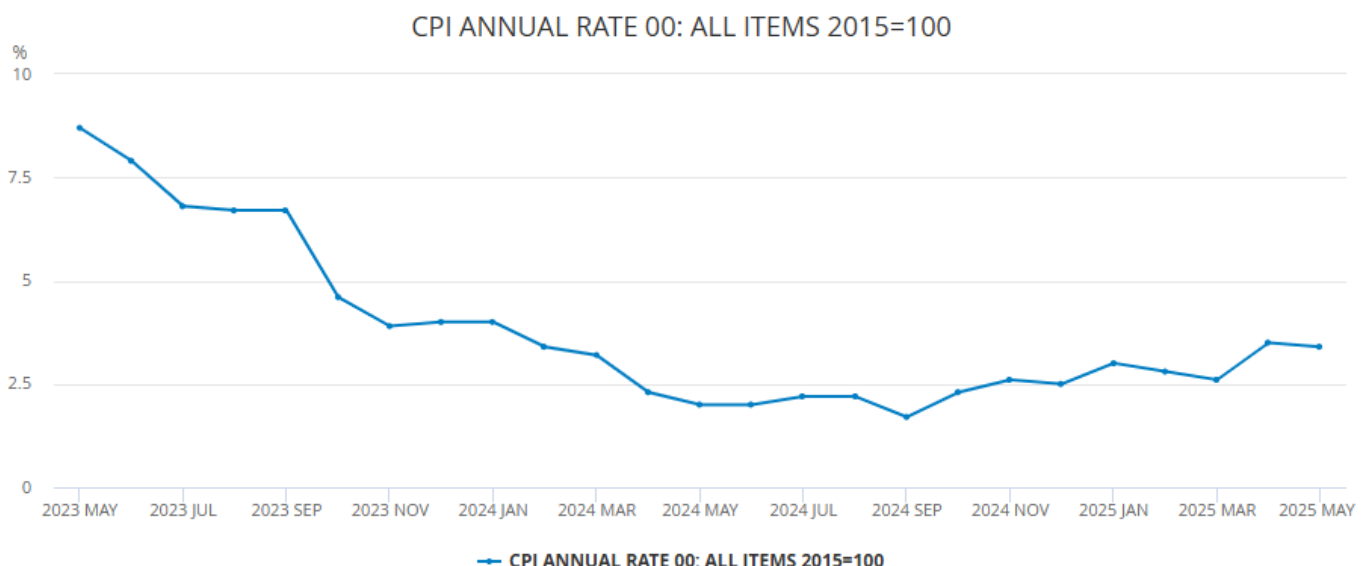
- **Trinity Road, Carbon Efficiency works** (Solar PV), underspend of £126k to be carried forward in 2025/26 to the Asset Management Strategy capital budget.
- **On Street Residential Charging Scheme (ORCS)**, expenditure of £0.182m (previously reported at Q3 as £0.170m) delayed to Q1 of 2025/26 due to delays experienced with the supplier and the distribution network operator. (Cost for Council expected to be £93k)
- **Private Sector Housing Renewal Grants (Disabled Facility)**, budgeted expenditure of £127k to be carried forward to the 2025/26 capital budget. (£0.066m reported at Q3).

3. EXTERNAL ECONOMIC ENVIRONMENT

Inflationary Pressures

- 3.1** The level of inflation, as measured by the Consumer Prices Index, for May 2025 is 3.4% (down from 3.5% in April 2025). Although it is not the Government's preferred measure of inflation, the Retail Prices Index is 4.3% (4.5% in April 2025). Core inflation (as defined by the Office for National Statistics as the CPI Rate excluding energy, food, alcohol, and tobacco) rose to 3.5% (3.8% in April 2025).

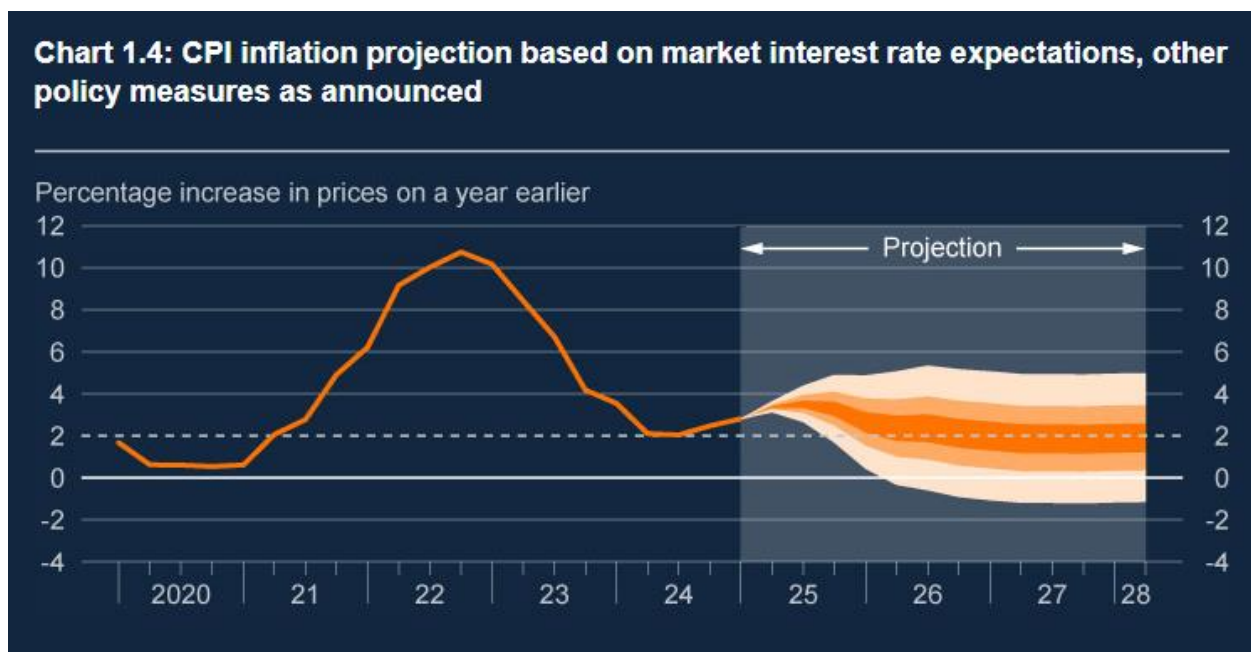
Graph A – CPI Inflation





- 3.2** In the May 2025 Monetary Policy Report, the Bank of England indicated the rate is likely to remain above the 2% target during 2025 (peaking at 3.5%) as the impact from energy price increases and other utility increases comes through. The graph below shows the different CPI forecasts that are published in the quarterly Bank of England Monetary Policy Committee report (May 2025).

Graph B – Bank of England Fan Chart - Inflation



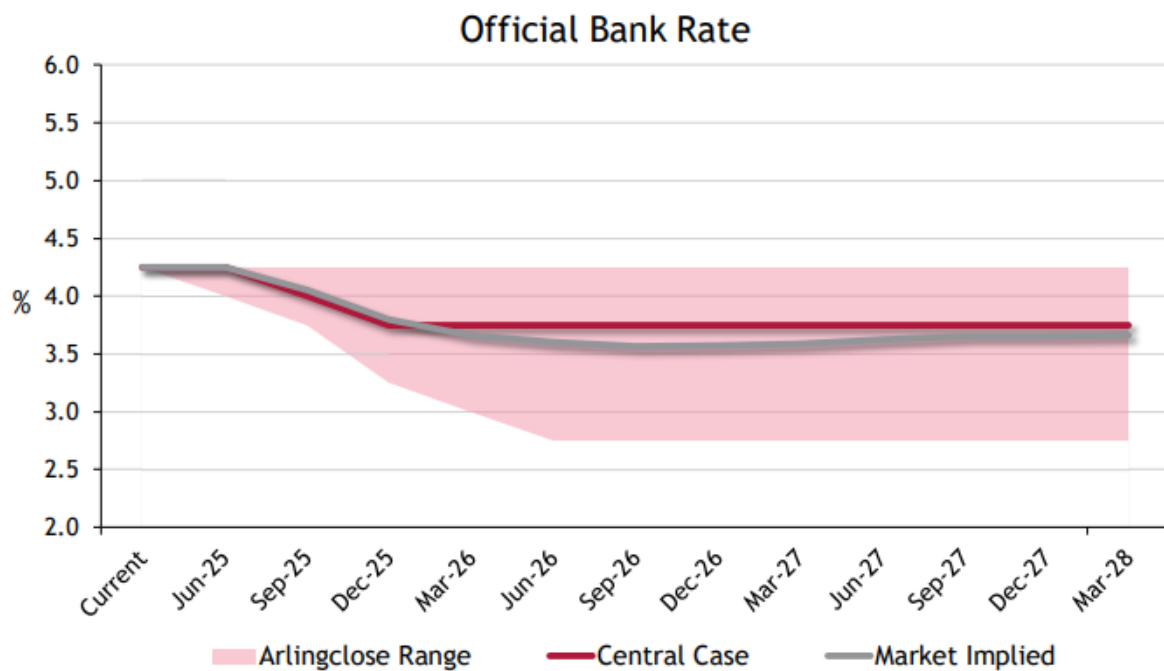
Interest Rates

- 3.3** The Bank of England reduced the Base rate in May 2025 by a further 0.25% in response to a slowing down of price rises taking the base rate to 4.25%. At the June MPC meeting the decision was to hold the base rate at 4.25%. The council's treasury management advisors have forecast that the rate will continue to reduce, but more slowly and by less. Uncertainty in the global economy (trade policies, escalating tension in the Middle East) may reduce the likelihood of further interest rate changes in the immediate short-term.



- 3.4** Up until June, the expectation has been for further rate reductions during 2025 (aligned to the publication of the Monetary Policy Report each quarter) to a low of 3.75%.

Graph C – Interest Rate Forecast



- 3.5** The Council has limited and reducing internal resources to support the capital programme (capital receipts, earmarked reserves). Unless further capital receipts are received as a result of asset disposals, the Council will need to undertake prudential borrowing.



4. 2024/25 REVENUE BUDGET FORECAST

- 4.1** The Revenue Budget was approved by Council at their meeting on 21 February 2024 with no adjustments made during the financial year to date.

Table 1 – Revenue Budget reconciliation

Budget Item	(£'000)
Original Budget (Council, 21 February 2024)	15,061
Adj:	
Adj:	
Adj:	
Adj:	
Latest Budget	15,061

- 4.2** The revenue budget has been in a state of flux during the financial year as budgets are amended to reflect the transfer of services from Publica to the Council in Phase 1 of the Publica Transition. Whilst the net budget position (£15.061m) has not changed, the composition of the budget (i.e. subjective split between Pay and Non-Pay budgets) and net service budgets has been amended.
- 4.3** As of 31 March 2025 (Q4) the Council is reporting net expenditure (excluding Funding and Parish Precepts) of £15.929m against the latest net budget of £16.186m. The budget is adjusted to reflect technical accounting adjustment such as depreciation and movements to/from reserves. These adjustments have no overall impact on the net budget. Funding from Council Tax, Business Rates and Government Grants received is £16.706m against the latest budget of £16.702m (original budget of £15.577m adjusted by £1.125m to reflect additional Business Rate income transferred to the Business Rate Reserve), £0.004m more than budgeted
- 4.4** The revenue outturn for 2024/25 results in a in an underspend of £0.778m – an improvement of £0.342m against the Q3 forecast. A positive variation of £0.262m is reported against a budgeted surplus of £0.516m. Table 2 provides members with an overview of the significant outturn variations that have been forecast across services with Tables 3 and 4 providing detail on the non-service revenue expenditure and income budgets.



Table 2 – Revenue Budget Outturn Summary

	2024/25 Latest Net Budget (£'000)	2024/25 Actuals to Q4 (£'000)	2024/25 Outturn Variance (£'000)	Q3 2024/25 Outturn Variance (£'000)	Movement from Q3
Revenue Budget					
Environmental & Regulatory Services	614	653	39	54	(15)
Business Sup. Svcs - Finance, HR, Procurement	1,288	1,300	12	42	(30)
ICT, Change & Customer Services	2,421	2,328	(93)	(60)	(33)
Assets, Property & Regeneration	808	706	(102)	(49)	(53)
Publica Executives and Modernisation	123	122	(0)	0	(0)
Revenues & Housing Support	893	646	(246)	0	(246)
Environmental Services	4,629	4,676	48	17	31
Leisure & Communities	2,257	2,219	(38)	(5)	(32)
Planning & Strategic Housing	846	1,053	207	143	64
Democratic Services	1,150	1,245	95	85	10
Retained and Corporate	2,820	3,055	235	226	9
Subtotal Services	17,848	18,004	156	451	(296)
Less: Reversal of accounting adjustments	(1,865)	(1,797)	68	0	68
Revised Subtotal Services	15,983	16,207	224	451	(228)
Corporate Income & Expenditure	203	(283)	(486)	(370)	(116)
Provisions and Risk Items	0	5	5	0	5
Net Budget Requirement	16,186	15,929	(258)	81	(339)
Funded by:					
Council Tax	(6,597)	(6,597)	0	0	0
Retained Business Rates	(6,139)	(6,139)	(0)	0	(0)
Government Funding - Grants	(3,206)	(3,214)	(8)	0	(8)
Government Funding - NHB	(287)	(287)	0	0	0
Collection Fund (surplus) / Deficit	(473)	(469)	5	0	5
TOTAL Funding	(16,702)	(16,706)	(4)	0	(4)
Budget shortfall/(surplus)	(516)	(778)	(262)	81	(343)

Table 3 – Corporate Income and Expenditure

	2024/25 Revised Budget (£'000)	2024/25 Actuals to Q4 (£'000)	2024/25 Outturn Variance (£'000)
Corporate Income and Expenditure			
Other non-service savings	(7)	(7)	0
Contingency, other non-service income and expenditure	208	47	(161)
Savings & Transformation Items	(714)	(811)	(97)
Treasury Management - Interest Payable	9	8	(1)
Treasury Management - Interest Receivable	(1,458)	(1,679)	(221)
Minimum Revenue Provision (MRP)	12	5	(7)
Transfer to/(from) Earmarked Reserves	2,147	2,147	0
	203	(283)	(486)



Key Variations

- 4.5** As outlined in paragraph 2.2 the forecast outturn position is a net underspend/favourable variance of £0.262m which increases the level of budgeted surplus in-year.
- 4.6** The outturn allows for the planned transfer to the Financial Resilience Reserve (FRR). It is proposed that the additional surplus from the General Fund (£0.262m) is transferred to the Transformation Reserve. Members should take into consideration the financial performance of certain service areas (i.e. services which are more reliant on income from fees and charges as outlined in Section 2 and Section 4 of the report). The net outturn for these services is a cause for concern and represents a weaker financial position than would otherwise have occurred. This is not a desirable outcome and management action will need to be taken by the Council, Publica and Ubico should the weaker financial performance continue in 2025/26.
- 4.7** The material items which have had an impact on the Council's revenue budget are summarised at **table ES2** with narrative explaining the reasons(s) for the variation in the paragraphs that follow.
- 4.8** Following changes to **Waste and Recycling** rounds in July 2024, Ubico have confirmed through financial reporting that the part-year efficiency saving of £0.375m has been achieved.
- 4.9** The cost reduction of £0.150m included in the 2024/25 revenue budget for the **Street Cleaning** service has not been achieved in full this financial year. Initial scoping work has identified cost reductions and service efficiencies which is shown as a net underspend (£0.098m). in **Table 5** of the report. A wider review of service options is being undertaken to ensure service standards are clearly defined with corresponding cost reductions. Further analysis will be undertaken on the scope and delivery of cost reductions for consideration by Cabinet in 2025/26.



- 4.10** Where income shortfalls have been reported, it is expected that Business Managers and Assistant Directors evaluate options for corrective action in 2025/2026 and the medium term to avoid a detrimental impact on the Council's finances over the medium-term. The evaluation must include an assessment of the service cost and income, market positioning, and unit cost and benchmarking data analysis. Options should outline, if possible, how the service can be financially sustainable.
- 4.11** Income from **Land Charges** is below budget with net income received £18k below budget at the end of the financial year. The income budget was reduced for the year by £19k (from £0.208m to £0.189m) recognising the downward trend on income in 2023/24 in part to the rise in free unofficial Personal Searches (through Personal Search Agents).
- 4.12 Building Control** – Market share is averaging 65% in Q4 with 137 applications processed. There has been an 8 per cent increase in market share since Q1 and a 9 per cent increase compared to the same period last year. Expenditure was on budget but an income shortfall of £29k is reported. The team have invested in software and handheld devices for site use which is expected to make officers time on site and the service more efficient. Considering the budget shortfall, the building regulation fees have been increased for the 2025-26 financial year to better reflect the costs of running the service. The service has also identified an opportunity to increase market share.
- 4.13 Public Conveniences** – income shortfall due to reduced footfall of £33k. The service is also reporting an overspend (£18k) in its cleaning costs following a contract renewal because of inflationary pressures. The service was subject to a review by Overview and Scrutiny Committee (Public Conveniences Review Group) and the review and recommendations were reported to Cabinet in January 2024. This report made a series of recommendations and recognised the financial pressures of the service needed to be reduced but that a fully cost recoverable service was not achievable. A reduction in facilities where there were multiple facilities in towns or villages was agreed and toilets have now been closed in both Cirencester and Stow-on-the-Wold as a means of mitigating cost pressures.



4.14 Further options will need to be considered during 2025/26 to ensure the net subsidy required to operate the Public Conveniences can be minimised or reduced entirely.

4.15 Cemetery fees – shortfall in income of £30k due to lower service provision.

4.16 Green Waste and **Bulky Waste** fees have achieved £92k more income than budgeted by the end of the financial year.

4.17 The Council has not received the budgeted level of commercial rental income from **Investment Properties** given the challenging economic conditions across retail and office sectors and downward pressure on rents. A combined income shortfall and empty property costs of £170k is reported.

4.18 An overspend of £93k is reported on **Elections**. This is due to expenditure with CIVICA on the trial of Tablets at the Police and Crime Commissioner election in May 2024 and the General Election in July 2024. These costs cannot be claimed through the national election expenses scheme. Trials have been undertaken to assess whether the use of Tablets and software would streamline the election process by reducing the opportunity for polling station errors and streamlining the count process with ballot paper accounts reconciled through the Tablet and software. Other overspent election costs including postage and canvassers fees were reviewed and increased for the 2025/26 budget. Whilst the use of tablets can be seen as contributing to delivering a safe and efficient election process, it is too soon to quantify the value of any cost reduction of efficiency in the wider count process.

4.19 Income from the Council's **Car Parks** remained positive in Q4. Income from Car park permits, and Penalty Charge Notices (PCNs) is below target for financial year and is underachieved by £82k in 2024/25. 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. However, the service will need to develop an



action plan setting out options to address the financial performance including a review the car park strategy and approach to enforcement.

4.20 Recruitment Costs - £78k of additional spend not covered through vacancy management. These costs cover the cost of recruitment for the Director of Communities and Place and three senior planning roles. The recruitment and appointment of the above roles will reduce reliance on expensive interim(agency) staff.

4.21 Rebranding – costs of £17k associated with the corporate refresh of branding which is funded from cost savings/additional service charge income at Trinity Road.

4.22 Communications service is overspend by £11k. Following the transfer of services in Phase 1, the Communications service has been reviewed with additional interim support provided by an external communications agency (Conteur). Whilst there was an underspend on staff costs (£40k) the total cost of external support was £51k.

4.23 ICT – £69k underspent during 2024/25 predominantly because of lower than budgeted IT licence and equipment costs following careful management and negotiation of licence renewals.

4.24 Postage and Printing is overspent by £79k. Although the budget has been increased by a further £30k in 2025/26, further overspends are anticipated. Additional analysis will be required in 2025/26 to better understand spend and explore potential cost saving opportunities.

4.25 Housing Benefit overpayments recovered amounts recovered exceeded budget by £236k.

4.26 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 2024/25 of £8.738m with an outturn reported of £8.425m – a net underspend of £0.313m This is predominantly due to the savings achieved of



£0.375m from the rezoning but is offset by additional costs of £62k due to higher than estimated vehicle hire, premises insurance and property lease costs.

4.27 The Council also incurred additional expenditure of £50k for communications and customer service support in relation to the **mobilisation of the Waste and Recycling rezoning** and £61k of consultancy costs which will be partly funded from the £92k contingency balance held in relation to Ubico cost.

4.28 The table below provides members with an overview of the financial performance of the Ubico Contract (table 5). The net variation on the contract excluding the rezoning saving is an overspend of £62k.

Table 5 – Ubico Contract Outturn

Waste, Recycling, Street Cleaning and Grounds Maintenance Services	Ubico Contract Costs OB (£'000)	Ubico Contract Costs CS (£'000)	Outturn (£'000)	Outturn Variance (£'000)
Car Parks GM [CTW668]	77	77	68	(9)
CCM001 Cemetery/Churchyards GM [CTW688]	188	188	165	(23)
RYC002 Garden Waste Collection [CTW634]	1,423	1,423	1,302	(121)
WST001 Household Waste [CTW611]	1,722	1,722	1,756	33
RYC001 Recycling [CTW633]	3,089	3,089	2,977	(111)
RYC003 Refuse/Recycling/Food Waste [CTW635]	661	661	679	18
STC001 Street Cleaning [CTW666]	1,558	1,558	1,461	(98)
Trinity Road Offices GM [CTW668]	20	20	17	(2)
Grand Total	8,738	8,738	8,425	(313)
Less: Rezoning savings				375
Net variation on contract (excluding Rezoning)				62

Treasury Management

4.29 Dividends from the Council's longer-term investments (Pooled funds and Real Estate Investment Trusts) of £0.503m were received in the twelve months to the 31 March 2025 year achieving a return of 4.85%. Interest from short term cash deposits including the Debt Management Office (DMO) was £1.109m due to interest rates remaining at a



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higher level than assumed in the budget and MTFS and cash balances remaining higher than anticipated.

4.30 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 2025/26 reducing to around £1.1m with a further reduction to £0.5m by 2027/28.

4.31 The level of investment income achieved for the year is a result of 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 March 2025.



Table 6 – Treasury Management Investments

Investment type	Balance invested at 31/3/25 (£'000)	Investment Income received to 31/3/25 (£'000)
Bank of England DMDAF	2,570	622
Money Market Funds		
Federated Money Market Fund	3,000	144
DGLS Money Market Fund	3,000	135
Insight Liquidity Money Market Fund	2,160	89
Lloyds Instant Access	50	36
Royal Bank of Scotland Call Account	0	2
Other Short-term deposits	0	81
Real Estate Investment Trusts (REIT)		
Fundamentum Housing REIT	690	30
Cash Plus Fund		
Federated Cash Plus Fund	1,213	N/A
Pooled Funds		
CCLA Property Fund	2,195	109
Shroders Income Maximiser Fund	862	60
CCLA Cautious Multi Assets FUnd	933	31
M&G UK Income Fund	1,847	102
Ninety-One Investec Diversified Fund	1,808	91
Columbia Threadneedle Bond Fund	1,929	80
	22,257	1,612

4.32 As Treasury Management investment returns were significantly above the budgeted level, £1.125m (£1.00m budgeted and an additional £0.125m) has been transferred to the Treasury Management Risk earmarked reserve to manage higher borrowing costs and potential reduced investment income from lower interest rates in the short-term and to mitigate any potential realised losses from pooled funds were they to be disposed.



4.33 Council approved the Capital Strategy and the Treasury Management Strategy (including the Non-Treasury Management Investment Strategy) at their meeting on 21 February 2024. 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.

4.34 The CIPFA Code was updated in 2021 and includes the new 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. Section 7 and **Annex C** of this report provides members with an overview on the non-treasury position.

Corporate Income and Expenditure, Provisions, and Risk

4.35 As outlined in Tables 3 and 4 there are variations reported 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.

4.36 A contingency budget is held centrally to mitigate any in-year cost pressures from inflation or other unforeseen events. This is reported as uncommitted (£53k) to in-part offset the recruitment and Publica transition additional expenditure highlighted in the paragraphs below.

4.37 Savings and transformations are forecast to be overachieved by £127k because of a forecast underachievement of Street Cleaning savings (£150k) and underspend from Publica of £386k against target saving of £109k (£277k).



4.38 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. £1.125m (£1.00m budgeted and an additional £0.125m) has been transferred to the Treasury Management Risk earmarked reserve to manage higher borrowing costs in the short-term and to mitigate and to mitigate any potential realised losses from pooled funds were they to be disposed.

4.39 As outlined in section 5 below, forecast additional expenditure of £0.182m (£436m for full year impact) for Phase 1 of the Publica transition was included as a risk provision in the Q3 outturn forecast. This provision should be considered against the following.

- Underspend from the vacancy of the Director of Communities and Place (£50k).
- Communications service costs including vacancy management underspend (£42k) and £53k overspend for interim support (£11k net overspend)
- Planning Agency costs of £288k against vacancy savings of £176,000 (£112k net cost)
- Planned saving from other vacancies where roles transferred to the Council under Phase 1 of the Publica transition net of Agency expenditure (£227,000 underspend).

4.40 The actual net cost of Phase one of the Publica Transition in 2024/2025 is £27k, after adjusting for savings from vacant post expenditure, pay award, and agency costs.

4.41 Recruitment Costs - £78k of additional spend not covered through vacancy management. 3 x senior planning roles, Director, and Head of Waste and Environment role. These can be partly offset against the forecast underspend of £50k as a result of the vacancy within the Director of Communities and Place role. The recruitment and appointment of the above roles will reduce reliance on expensive interim(agency) staff.

5. PUBLICA REVIEW

5.1 Following reports from Human Engine (November 2023) and Local Partnerships (March 2024), Council approved the Detailed Transition Plan ("DTP") report at its



meeting on 31 July 2024. This set out the process that would be followed to return the majority of services to the Council with an initial transfer of services taking place in November 2024.

- 5.2** The DTP and covering report provided members with an initial estimate of additional cost of Phase 1 (enduring impact) and the one-off costs (provision for redundancy).
- 5.3** These cost estimates have been monitored and reviewed, with members receiving updates in the November 2024 and December 2024 financial reports.
- 5.4** The table below provides members with a reconciliation between the financial implications set out in the July 2024 DTP and the current estimate (February 2025). This report includes the actual outturn costs incurred since November 2024 for Phase 1, with the full year estimate included in the 2025/26 revenue budget and MTFS remaining unchanged.

Table 7 – Reconciliation of Phase 1 Cost Estimate (February 2025)

Reconciliation of movement in additional cost	July 2024 DTP (£'000)	November 2024 update (£'000)	December 2024 update (£'000)	Change (£'000)
Phase 1 Baseline Cost	3,674	3,616	3,701	27
Sharing + Pension Impact	326	318	321	(5)
New Roles	553	619	663	110
New Model Total	4,553	4,553	4,686	132
Publica Savings (Direct)	(240)	(240)	(221)	19
Indirect Savings	(283)	(282)	(282)	1
Enduring Impact	4,030	4,031	4,182	152
Indicative Annual Increase / (Decrease)	356	415	481	125

- 5.5** There have been no changes to the cost estimate for Phase 1 since the February 2025 update. It should be noted that the table above only covers Phase 1.



- 5.6** Phase 2 financial reporting will be provided during 2025/26 following the transfer of services and staff on 01 July 2025.

6. GENERAL FUND AND EARMARKED RESERVES

- 6.1** **Annex C** details the reserves held by the Council at 31 March 2025 and the proposed movements to/from and between reserves. The Council's general fund balance remains at £1.760m. Earmarked revenue reserves has increased by £2.924m to £12.912m.
- 6.2** Financial Sustainability Reserve – The outturn position enables the budgeted transfer of £0.516m from the General Fund to the Financial Resilience Reserve to be made. This will increase the balance on the reserve to £2.943m and provides one-off reserve funding to mitigate the budget gap identified in the MTFS and enable the Council to maintain financial sustainability over the MTFS-period/until 2027/28.
- 6.3** Transformation Reserve– It is proposed that the additional surplus from the General Fund (£0.262m) is transferred to the Transformation Reserve. The purpose of this reserve is to provide funding to support the Council's Savings and Transformation programme. It is proposed that reserve funding is utilised more broadly to address potential financial pressures arising from Local Government Reorganisation, to provide further one-off/up front funding (pump priming) on an Invest-to-Save basis.
- 6.4** The 2024/25 revenue budget includes a net transfer from earmarked reserves of £0.301m to fund future commitments and make provisions for future financial pressures and risks – predominantly around Business Rate Income and Treasury Management income. The latest net budget has increased this figure to a net transfer to earmarked reserves of £2.146m (excluding the transfer of surplus outline in 6.2 and 6.3 above).



- 6.5** **Annex C** details the reserves held by the Council at 31 March 2025 and the proposed movements to/from and between reserves. The largest of these which affects the outturn position is a transfer of £1.125m (including £0.478m surplus on the Business Rate pool and S.31 grant which will be utilised in 2025/26 and 2026/27 to fund forecast business rate income deficit) to the Business Rate Risk Reserve.
- 6.6** In setting the budget for 2025/26 a review of reserves was undertaken to assess whether the levels were appropriate considering the needs and risks of the organisation. The movements between reserves detailed in **Annex C** reflect transfers to/from reserves budgeted for in 2024/25 and transfers between reserves as proposed in the 2025/26 Medium-term financial strategy. Other movements are summarised in table 8 below.



Table 8 – Earmarked Reserves Movements versus Budget

Summary of Revised Budget Movements	£
BR Pool Surplus	478
S31 Business Rate Relief Grant to set aside for future business rate deficit funding.	392
Business Rate levy payable lower than estimated, underspend set aside to support future business rate deficit.	255
Additional Treasury Management income	125
Revenue grants and contributions received but not spent, carried forward to 2025/26	448
Underspend earmarked as future contingency	112
Sc111 HRA contributions	97
Use of Local Plan reserve	-153
Use of revenue grants and contributions in 24/25	-42
GDASS Rural Domestic Abuse Champion Network Contribution funded from earmarked grant	-41
Cotswold Connected Community and Food Network expenditure funded from reserve	-60
Council contribution from Climate Change reserve to Retrofit engagement programme	-18
Community Safety Expenditure funded from earmarked reserve (grants and contributions)	-41
RAU PPA consultancy funded from Planning Reserve	-33
Publica Review and Redundancies	-363
CIL contributions set aside to finance administration costs (5% of contributions)	158
Net Income from Cotswold Tourism Partnership (Accommodation Guide contributions) set aside to fund future expenditure.	101
Other transfer (from)/to reserves and balance sheet review (dr/cr balances)	154
	1,571
Variance to Budgeted	
Cotswold Crowdfund - underspend	-30
Posts funded from reserves due to vacancies	-66
Homeless roles not required to be funded from reserves due to funding via HPG	-41
Roles funded from grants held within Receipts in advance.	-75
Roles funded from underspend	-32
CIL resource costs now funded from 5% CIL contributions	-30
	-274



7. CAPITAL PROGRAMME

- 7.1** Council approved the revised Capital Programme for 2024/25 at their meeting on 24 February 2025. The Capital Programme has been updated to reflect adjustments as set out in Table 9 below.
- 7.2** The revised capital programme for 2024/25 is £7.550m with a total net spend at £7.122m for the 2024/25 financial year.

Table 9 – Capital Programme budget reconciliation

Capital Programme Reconciliation	(£'000)
Original Budget (Council, 21 February 2024)	6,813
ORCS Grant Scheme (Council, 15 May 2024)	383
Slippage from 2023/24 (Cabinet 25 July 2024)	1,513
Disabled Facilities Grant (Cabinet 7 November 2024)	800
CLC Decarbonisation Work Swimming Pool Support Fund (Cabinet 7 Dec 2024)	208
Revised Capital Programme (Council, 24 February 2025)	(2,405)
Disabled Facilities Grant (Proposed Cabinet 3 April 2025)	238
Latest Budget	7,550

Table 10 – Capital Programme Outturn

				Q3	
	2024/25	2024/25	2024/25	2024/25	Movement
Capital Programme	LAB (£'000)	Outturn (£'000)	Variance (£'000)	Variance (£'000)	from Q3 (£'000)
Leisure & Communities	1,491	1,451	(40)	12	(52)
Housing/Planning and Strategic Housing	2,643	2,516	(127)	(66)	(61)
Environment	1,606	1,339	(267)	(85)	(182)
ICT, Change and Customer Services	150	138	(12)	0	(12)
UK Rural Prosperity Fund	752	752	0	0	0
UK Shared Prosperity Fund Projects	134	216	82	0	82
Land, Legal and Property	517	499	(18)	79	(97)
Transformation and Investment	257	211	(46)	(45)	(1)
TOTAL Capital Programme	7,550	7,122	(428)	(105)	(323)



7.3 The outturn for 2024/25 is an underspend of £0.428m (£0.105m at Q3).

7.4 The Capital Programme was significantly revised in the budget papers considered by Council at their meeting on 24 February 2025. The significant variations on the Capital Programme are:

- **Additional Electric Vehicle Charge points** are being installed through the On Street Residential Charge points Scheme (ORCS), underspent by £0.042m due to installation at certain sites having specific constraints that cannot be addressed within the current deadline. Delays from the supplier and the distribution network operator contributed towards the postponement of the work. The unspent budget and deferred expenditure of £0.183m will be carried forward into the 2025/26 financial year budget to complete the installations. Due to delays, the Council has had to request further extension to the deadline for claiming the grant funding for this scheme. Consequently, there is a continuing risk that the Council may be required to finance the £0.090m originally forecast to be grant-funded through its capital receipts reserve.
- **Private Sector Housing Renewal Grants (Disabled Facility)** – underspend of £0.127m against revised budget due to timing of work.
- **Investment in Leisure Centres** – additional expenditure of £0.071m due to requested expenditure approved by S.151 officer for accessible fitness equipment and gym bikes.
- **Asset Management Strategy** – overspend of £0.095m against revised budget due to additional costs for Trinity Road roof repairs and ancillary expenditure in respect of Old Station prior to sale of asset (financed from UKSPF capital funding).
- **Trinity Road Agile Working** –underspend of £0.045m due to timing of expenditure which will be carried forward to 2025/26.

7.5 This report recommends to members that £0.565m of the unspent capital budget is carried forward into 2025/26 as detailed below:

- Spa Pool, Bourton Leisure Centre (£0.034m)
- Cotswold Crowdfund (£0.030m)
- Disabled Facility Housing Adaptions (£0.127m)
- Provision for financing of Ubico vehicles (£0.019m)



- Off Street Residential Charge point Scheme (£0.183m)
- Trinity Road Carbon Efficiency Works and Agile project underspend to allocate to the 2025/26 Asset Management Strategy Budget (£0.172m)

7.6 Annex A sets out the detailed outturn with commentary from budget holders and is summarised in table 9 above.

7.7 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

7.8 There were no asset disposals during the 2024/25 financial year. However, the Council received £25,000 from the scrap sale of Ubico vehicles. Members should note that three asset disposals have been pursued, with capital receipts of £0.322m received in Q1 of 2025/26 from the sale of the former Visitor Information Centre in Bourton-on-the-Water and the Old Station. The sale of Memorial Cottages in Cirencester is expected to complete in Q2 of 2025/26

Table 11 – Capital Financing Forecast

	2024/25 LAB (£'000)	2024/25 Outturn (£'000)	2024/25 Outturn Variance (£'000)
Capital Financing Statement			
Capital receipts	3,628	3,421	(207)
Capital Grants and Contributions	3,507	3,406	(101)
Earmarked Reserves	0	0	0
Revenue Contribution to Capital Outlay (RCCO)	0	0	0
Community Municipal Investments (CMI)	415	295	(120)
Prudential Borrowing		0	0
	7,550	7,122	(428)



- 7.9** The Capital Financing position set out in the table above has been reviewed by the s151 Officer as part of the financial year end closedown process to ensure a balanced use of capital resources and mitigation of current and future interest rates.

8. NON-TREASURY MANAGEMENT SUMMARY

- 8.1** The CIPFA Code was updated in 2021 and includes the new 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

- 8.2** The detailed Non-Treasury Management prudential indicators are included in **Annex B** with the commentary below providing members with a high-level summary.
- 8.3** Whilst there is no underlying need to borrow until 2026/27 with the Capital Programme being financed through internal resources and external grants and contributions, any additional capital expenditure proposed during in the future will need to consider the availability and cost of capital financing. The outturn Treasury Management report to Audit and Governance Committee in July will set out the wider impact on the Capital Financing Requirement.

9. RISKS AND UNCERTAINTIES

- 9.1** The reported financial outturn for the 2024/25 financial year remains provisional, pending completion of the external audit by Bishop Fleming. As part of their review of the 2024/25 Statement of Accounts, there remains a possibility that the final financial position may be subject to audit adjustment



10. CONCLUSIONS

- 10.1** This monitoring report presents an update on the Council's financial position. As the report sets out, an underspend of £0.262m for the 2024/2025 financial year. The outturn allows for the planned transfer to the Financial Resilience Reserve (FRR). It is proposed that the additional surplus from the General Fund (£0.262m) is transferred to the Transformation Reserve
- 10.2** Members should note that whilst the outturn position has improved, there remain concerns around financial performance in certain service areas – particularly services where the Council's net revenue budget is dependent on income from fees and charges. The report has provided reference to mitigation or actions that will be discussed with service leads to address and agree management actions.
- 10.3** In some instances, income budgets for 2025/26 have been adjusted downward to reflect historic underachievement of income. However, this should not be seen as a desirable outcome – more that it recognises in setting the budget for the forthcoming financial year the estimates need to be robust in the context of current financial performance. During 2025/26 the Business and Intelligence unit will support the quarterly finance reporting process and will work with service leads to identify potential mitigations and resolutions to improve performance.
- 10.4** Heads of Service should take steps to identify management action(s) that will address underperformance and discuss these with the finance team and the relevant Director. Financial Performance Reports for 2025/26 will include options and recommendations for corrective action where underperformance against the budget has been identified, and options for improving financial performance even if the service is achieving income and expenditure targets.
- 10.5** A key aspect of this will be to explain financial performance in the context of service performance and outcomes. There is a risk with the current performance framework that aspects of service performance may be reported as on or above target, with little or no reference to financial performance. The Section 151 Officer is in the process of reviewing the financial reporting and performance reporting with a view to integrating



data from the Business and Intelligence Unit into the quarterly Financial Performance reports.

10.6 As set out in the CIPFA Financial Management Code, performance reporting is important for the Council to remain financially sustainable. Members must receive timely information on its financial and operational performance so that corporate priorities are delivered within budget. Early information about emerging risks to financial sustainability are key to ensuring the Council can take effective decisions and carefully consider an effective response.

11. FINANCIAL IMPLICATIONS

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

12. LEGAL IMPLICATIONS

12.1 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.

13. RISK ASSESSMENT

13.1 Section 8 of the report set out the risks and uncertainties.

14. EQUALITIES IMPACT



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14.1 None

15. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

15.1 None

16. BACKGROUND PAPERS

16.1 None

(END)