



Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>CABINET – 01 JULY 2026</b>
Subject	<b>FINANCIAL PERFORMANCE REPORT – OUTTURN 2025/26</b>
Wards affected	All
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: <a href="mailto:patrick.coleman@cotswold.gov.uk">patrick.coleman@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
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Summary/Purpose	This report sets out the full year budget monitoring position for the 2025/26 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"><li>1. Review and note the outturn financial position set out in this report.</li><li>2. Approve the transfer to and from reserves as set out in Section 6 and <b>Annex C</b>.</li><li>3. Approve the carry forward of unspent capital budget included in paragraph 7.5 of <b>£0.858m</b> into the 2026/27 Capital Programme.</li></ol>
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering Good Services</li></ul>
Key Decision	YES
Exempt	NO



**COTSWOLD**

District Council

Consultees/ Consultation	None
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## **1. BACKGROUND**

- 1.1** This report presents to members the full outturn and monitoring position statement for the 2025/26 financial year and should be viewed in the context of the [2026-27 Revenue Budget, Capital Programme and Medium Term Financial Strategy report](#) approved by Council in February 2026.
- 1.2** This report updates members on the significant budget variations identified in the quarterly financial reports considered by Cabinet during the 2025/26 financial year.
- 1.3** Section 6 of this report proposes transfers to and from earmarked reserves, with Section 7 requesting approval of capital slippage to be carried forward and included in the 2026/27 capital programme.

## **2. EXECUTIVE SUMMARY**

- 2.1** This report sets out the outturn position for the 2025/26 financial year and will be reviewed by the Overview and Scrutiny Committee at their meeting on 29 June 2026.
- 2.2** The revenue outturn position is a positive variation of £0.251m. This represents an improved financial position for the year and an improvement on the Q3 forecast (favourable movement of £0.206m). This strengthens the Council's financial resilience and provides additional flexibility over the MTFS period. The outturn includes the planned transfer to the Financial Resilience Reserve (FRR). It is also proposed that the additional General Fund surplus of £0.251m is transferred to the Capacity Reserve.
- 2.3** This position is consistent with Council's strategy to utilise improved in-year financial performance to mitigate future financial pressures. The outturn includes proposed transfers of several underspends, as set out in section 4.16-4.17 and 4.40 below, thereby supporting financial sustainability over the MTFS period.
- 2.4** The outturn also includes a transfer of **100% of net planning income more than budget** to the Planning Appeals Reserve, as set out in the Q3 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 (Q4)**

	2025/26 Latest Net Budget (£'000)	2025/26 Actuals to Q4 (£'000)	2025/26 Outturn (£'000)	2025/26 Outturn Variance (£'000)	Q3 2025/26 Outturn Variance (£'000)	Movement from Q3
<b>Revenue Budget</b>						
<b>Subtotal Services</b>	<b>18,401</b>	<b>18,124</b>	<b>19,293</b>	<b>(277)</b>	<b>(1,356)</b>	<b>1,078</b>
Less: Reversal of accounting adjustments	(1,939)	(1,948)	(1,925)	(9)	0	(9)
<b>Revised Subtotal Services</b>	<b>16,462</b>	<b>16,175</b>	<b>17,369</b>	<b>(287)</b>	<b>(1,356)</b>	<b>1,069</b>
Corporate Income & Expenditure	774	803	(1,663)	29	1,491	(1,462)
Provisions and Risk Items	0	0	0	0	0	0
<b>Net Budget Requirement</b>	<b>17,235</b>	<b>16,978</b>	<b>15,706</b>	<b>(258)</b>	<b>136</b>	<b>(393)</b>
<b>Funded by:</b>						
Council Tax	(7,065)	(7,065)	(7,065)	0	0	0
Retained Business Rates	(6,468)	(6,468)	(5,117)	(0)	0	(0)
Government Funding - Grants	(2,527)	(2,520)	(2,527)	7	0	7
Government Funding - NHB	(820)	(820)	(820)	0	0	0
Extended Producer Responsibility (EPR)	(1,683)	(1,683)	(1,683)	0	(181)	181
Collection Fund (surplus) / Deficit	689	689	689	0	0	0
<b>TOTAL Funding</b>	<b>(17,874)</b>	<b>(17,867)</b>	<b>(16,523)</b>	<b>7</b>	<b>(181)</b>	<b>188</b>
<b>Budget shortfall/(surplus)</b>	<b>(638)</b>	<b>(889)</b>	<b>(817)</b>	<b>(251)</b>	<b>(45)</b>	<b>(206)</b>



**Table ES2 – Revenue Budget – Reconciliation of variations (Q4)**

	Positive variation (£'000)	Adverse Variation (£'000)	Net Variation (£'000)	Q3 Outturn Variance (£'000)	Movement from Q3 (£'000)
<b>Variations at a glance</b>					
<b>Service Variations</b>					
Fees & Charges - Cemeteries		43	43	39	4
Fees & Charges - Licensing	(44)		(44)	(30)	(14)
Fees & Charges - Building Control	(38)		(38)	(44)	6
Fees & Charges - Bulky Waste	(25)		(25)	(31)	6
Fees & Charges - Environmental Protection		15	15	15	0
Fees & Chages - Land Charges	(38)		(38)	(29)	(9)
Trinity Road - Utilities	(22)		(22)	(21)	(1)
Car Park fees, permits and penalty charges	(382)	0	(382)	(256)	(126)
EVCP income	(23)	0	(23)	0	(23)
Car park expenditure	(54)		(54)	(24)	(30)
Commercial Property - Rental income shortfall/void costs		82	82	64	18
Tenant Area of Trinity Road	(17)		(17)	(20)	3
Development Management Fees	(710)		(710)	(674)	(36)
Recycling - Minor Contracts	(35)		(35)	(30)	(5)
Recycling - Income	(23)		(23)	(33)	10
Card payment processing charges		25	25	5	20
Net Homeless Expenditure (Flexible Homeless Grant higher than budgeted)	(72)		(72)	(70)	(2)
Postage and Printing		51	51	47	4
Communications - Cotswold News	(20)		(20)	(20)	0
Members Allowance increases (Council, 26 November 2025)		43	43	36	7
Court Cost income (Council tax and Business Rates)	0	0	0	(30)	30
Valuation (professional fees)	(10)		(10)	(10)	0
Dual Use Agreement (Chipping Campden School)		10	10	10	0
Legal vacancies	(31)		(31)	(31)	0
ICT	(60)		(60)		(60)
Housing Benefit	(40)		(40)		(40)
Vacancy management	(235)	0	(235)	(165)	(70)
Ubico contract overspend (net of contingency)		75	75		75
Other service variations		(75)	(75)	54	(129)
<b>Subtotal</b>	<b>(1,879)</b>	<b>269</b>	<b>(1,610)</b>	<b>(1,248)</b>	<b>(362)</b>



<b>Non-Service/Corporate Variations</b>					
Contingencies and Savings	(173)	0	(173)	(222)	49
Street Service savings	0	300	300	300	0
Development Management Fees - Appeals Risk	0	710	710	674	36
Impact of Publica Phase 2	(262)	0	(262)	(328)	66
New Posts not recruited	(239)	0	(239)	(240)	1
Transfer Vacancy and phase two service and recruitment saving to Capacity Building Reserve	0	736	736	733	3
Treasury Management income	(300)	0	(300)	(376)	76
Transfer to Treasury Management reserve	0	300	300	376	(76)
Transfer underspend to 'Cotswold News' Reserve		20	20	20	0
Transfer underspend to 'Homeless Reserve'		72	72	70	2
Transfer legal salary underspend to 'Legal Resource' Reserve		31	31	31	0
Additional EPR Grant (DEFRA), transferred to EPR Reserve	(181)	181	0	0	0
Transfer Car park surplus to 'Earmarked Capital Revenue Contribution to Capital Outlay' (RCCO)		165	165	165	0
<b>Subtotal</b>	<b>(1,155)</b>	<b>2,515</b>	<b>1,360</b>	<b>1,203</b>	<b>157</b>
<b>Net Outturn Variation</b>	<b>(3,034)</b>	<b>2,784</b>	<b>(251)</b>	<b>(45)</b>	<b>(206)</b>

- 2.5** 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.
- 2.6** 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.
- 2.7** As set out in paragraph 2.2 and Table ES1, the Q4 outturn for the year is favourable with an improved financial position and additional surplus at the end of the financial year.
- 2.8** The revenue budget will come under further pressure in 2026/27 from the wider economic environment (inflation, fuel and energy prices) and as the Council maintains service provision to residents whilst mitigating the service delivery risks from reorganisation of Local Government in Gloucestershire. 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.
- 2.9** 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).



- 2.10** 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.
- 2.11** With a more favourable outturn and allowing for the (potential) increased cost/reliance on interim staff recommendation is to increase the reserve balance to £1.1m.
- 2.12** The Q4 outturn reflects a total underspend of £0.736m within employee-related budgets for 2025/26. This is due to the Vacancy Management approach set out in the Q1, Q2 and Q3 Financial Performance report:
- **Vacant** posts not yet filled, resulting in savings of £0.235m plus positions included in the 2025/26 budget for Transformation, Learning & Organisational Development and Strategic Housing have not been appointed, generating revenue savings of £0.239m.
  - Lower anticipated expenditure on **recruitment** contributing £0.100m.
  - Lower costs of Phase 2 of **Publica Review** against the prudent estimate resulting in an underspend of £0.162m

In line with the strategy agreed within the Q2 and Q3 report, these savings are to be transferred to earmarked reserves (Capacity Building). Consequently, the underspends have a net nil impact on the variance to budget.

- 2.13** The material variations are listed below with further details in Section 4 of this report.
- **Income variations** – underachievement: Cemeteries (£43k), Environmental Protection (£15k). Additional Income: Development Management Fees (£0.780m) Licensing (£45k), Building Control (£38k), Bulky Waste (£25k), Recycling income (£23k), Car Park fees (£341k), Car Park Permits (£17k), Car Park penalty charge notices (£24k), EVCP income (£23k)
  - Income from court costs (Council tax and Business Rates) reported an overachievement of £30k at Q3 which has reduced to a net nil position at year end following the reassessment of the required increase in bad debt provision.
  - **Trinity Road Utility costs** - £22k underspend due utilising energy generated from the Solar PV at Trinity Road. This reduced the external energy costs and cost in 2025/26.
  - **Post and Printing** – costs exceed budget by £55k, predominantly within the Revenues and Benefits service in support of the LFT project.



- **Recycling contracts** – Kerbside collection of cans and plastics, 'bring banks' and Waste electrical electronic equipment (WEEE) undertaken by contractor (£35k favourable)
- **ICT** - £69k underspend in 2025/26, primarily due to lower-than-anticipated IT licence and equipment costs. Considering underspends over the past two financial years, the adequacy of the current expenditure estimates will be reviewed as part of the 2027/28 budget-setting process.
- **Housing Benefit** - Positive variation of £41k as greater level of HB overpayments (Fraud & Error) identified with robust recovery process in place.
- **Commercial Property rental income and vacant property costs.** Net pressure driven by void costs from empty properties and income adjustments. This includes £78k of void costs for the former Wilkinson unit (now occupied by Warley Stores), rental income shortfalls of £8k from Superdrug (due to prior-year rent calculation corrections) and £16k from Dyer Street properties (Q4 voids). These pressures were partly offset by unbudgeted rental income of £20k from office space leased to the DWP at the Trinity Road South Wing.
- **Ubico Contract** - The 2025/26 outturn shows an adverse variance of £0.166m against the £8.863m budget, an increase from £0.065m reported at Q3. This deterioration reflects late-year cost pressures identified between Periods 11 and 12 in respect of vehicle hire and repair costs and agency employee costs for sickness cover. Officers have engaged with Ubico to address the late forecast deterioration and emphasise the need for improved financial forecasting in 2026/27 and early engagement for the 2027/28 budget.
- **Street Services a £0.300m adverse variation.** As previously reported, the savings target was removed from the budget following the APSE-led review. Whilst options are being considered as a result of the review to improve efficiency and effectiveness of the service, it is unlikely these measures will result in material cost reduction.
- **Treasury Management and interest receivable** outperformed budget, generating a positive variation of £0.300m (a decrease of £0.076m from Quarter 3). This reduction reflects the timing of interest receipts relating to the loan to Cotsway Housing Association, which was secured in Quarter 1 of 2026/27, resulting in an interest receipt of £0.106m being recognised in 2026/27. The full £0.300m will be transferred to the Treasury Management Reserve.
- **Members Allowances** – Increases to Members' Special Responsibility Allowances, as recommended by the Independent Remuneration Panel in March 2026 have resulted in an adverse variance of £0.046m against the 2025/26 budget.



**2.14** A summary of the Capital Programme outturn is shown in the table below.

**Table ES3 – Capital Programme Outturn**

<b>Capital Programme</b>	<b>2025/26 LAB (£'000)</b>	<b>2025/26 Outturn (£'000)</b>	<b>2025/26 Outturn Variance (£'000)</b>	<b>Q3 2025/26 Outturn Variance (£'000)</b>	<b>Movement from Q3 (£'000)</b>
Leisure & Communities	244	218	(26)	0	(26)
Housing/Planning and Strategic Housing	1,845	1,608	(237)	(345)	108
Environment	651	372	(279)	(176)	(103)
ICT, Change and Customer Services	150	144	(6)	2	(8)
UK Rural Prosperity Fund	229	195	(34)	0	(34)
UK Shared Prosperity Fund Projects	60	52	(8)	0	(8)
Land, Legal and Property	200	0	(200)	(200)	0
Transformation and Investment	0	0	0	0	0
S106 Refcus (NHS)	0	15	15	0	15
<b>TOTAL Capital Programme</b>	<b>3,379</b>	<b>2,604</b>	<b>(775)</b>	<b>(719)</b>	<b>(56)</b>

**2.15** The capital programme outturn is an underspend of £0.785m. Further details are provided in Section 6 of this report.

**2.16** The 2026/27 Revenue Budget, Capital Programme and Medium-Term Financial Strategy report approved by Council in February 2026 provided members with an updated capital budget for the financial year and is shown in the table above.

**2.17** Movements from **Q3** includes the following:

- **Ubico Vehicles** – As set out in the report to Cabinet in January 2026, budgeted expenditure relating to the replacement of five 3.5 tonne cage vehicles (£0.273m) will be reprofiled within the Fleet Replacement Programme. Procurement has been completed, and the vehicles are now scheduled for delivery in Q1 2026/27. Expenditure of £0.254m was forecast at Quarter 3
- **On Street Residential Charging Scheme (ORCS)**, expenditure of £0.065m (previously reported at Q3 as £0) delayed to Q1 of 2026/27. Whilst 5 charge posts were installed at Brewery Road Car Park, one post has not been commissioned to address a potential Health and Safety risk associated with the proximity of the charging post to street lighting. The expenditure will be funded through the ORCS grant.



- **Private Sector Housing Renewal Grants** (Disabled Facility), budgeted expenditure of £167k to be carried forward to the 2026/27 capital budget. (£0.275m reported at Q3).
- **UK Shared Prosperity Fund and Rural England Prosperity** fund projects balances of £0.008m and £0.034m respectively are expected to be spent in 2026/27 following an extension of the use of funding deadline to 30th September 2026.

### **3. EXTERNAL ECONOMIC ENVIRONMENT**

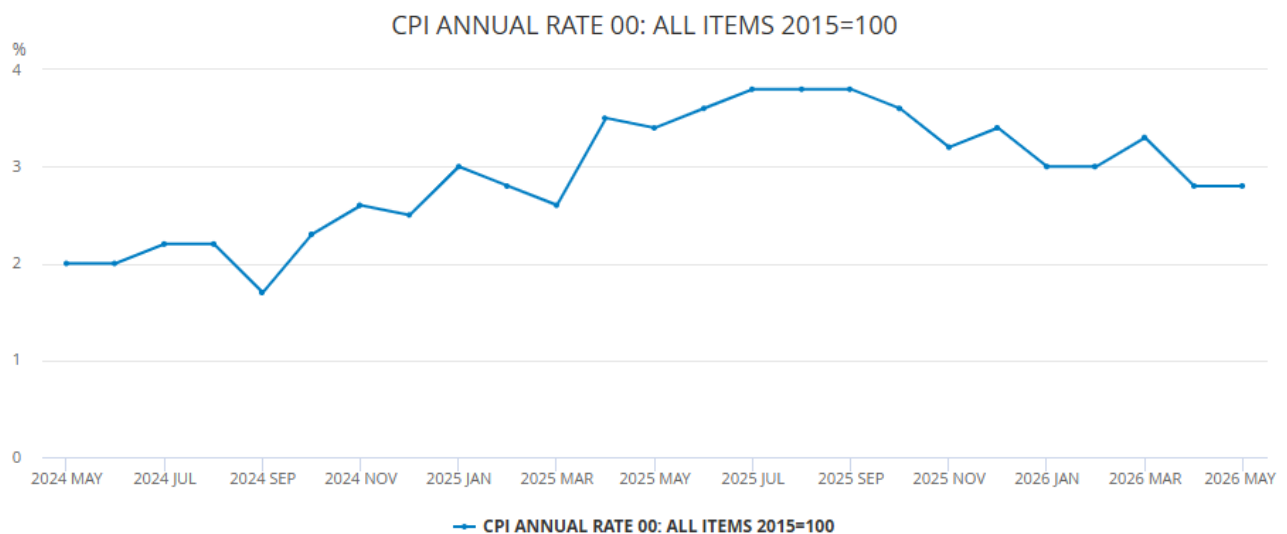
#### **Inflationary Pressures**

- 3.1** The Consumer Prices Index (CPI) increased to 3.3% in March 2026, up from 3.0% in February. The Retail Prices Index (RPI), although not the Government's preferred measure, rose to 4.1% from 3.6% over the same period. Core inflation, as defined by the Office for National Statistics (excluding energy, food, alcohol and tobacco), decreased to 3.7%, compared to 4.9% in February.
- 3.2** In April 2026, CPI fell to 2.8%, a reduction from 3.3% in March. RPI also declined to 3.0% from 4.1%, while core inflation decreased further to 2.5% from 3.1%. These movements suggest a general easing in inflationary pressures at the start of the 2026/27 financial year. The May 2026 statistical release (17 June 2026) came in below market expectations with CPI inflation holding firm at 2.8%. Commentary from the Council's Treasury Management advisors Arlingclose is below:
- *CPI inflation stands at 2.8% in May, unchanged from April but lower than March. The downside surprise was broad-based across food, core goods and services, although higher fuel prices from the energy shock have already contributed to inflation.*
  - *Inflation is expected to remain close to 3% in Q3 before rising to a little over 3.25% in Q4 as higher energy prices continue to pass through.*
  - *The MPC voted by a majority of 7–2 to maintain Bank Rate at 3.75%. For the majority, the decision to hold reflected further evidence that underlying disinflation had been on track before the Middle East conflict, while tighter financial conditions were already helping to reduce inflationary pressure.*
  - *The two members voting for a rate rise were more concerned about the risk of second-round effects, particularly given higher household and business inflation expectations. They judged that a modest increase in Bank Rate would provide insurance against inflation becoming more persistent.*



- 3.3** Current macroeconomic conditions continue to present financial risk to the Council. While the recent Memorandum of Understanding in the Middle East has eased immediate pressures on global energy markets, prices remain volatile and above pre-conflict levels. The UK remains exposed as a net importer of energy, and inflation is expected to fluctuate during 2026 as earlier increases in energy costs continue to feed through before easing towards target. This ongoing uncertainty increases the risk that cost pressures exceed budget assumptions, placing additional strain on the Council's financial position in 2026/27.
- 3.4** Interest rate expectations have also shifted materially. Financial Markets, which had previously anticipated one or two Bank of England rate cuts in 2026, have become more volatile, with some periods of pricing in potential rate increases in response to rising gilt yields and renewed inflationary pressures. However, the outlook remains uncertain and highly dependent on the evolution of energy prices and inflation.
- 3.5** These developments create additional cost and demand pressures across Council services, increased uncertainty in financial and investment planning and may lead to volatility in borrowing costs (if undertaken).

**Graph A – CPI Inflation (May 2026 release)**



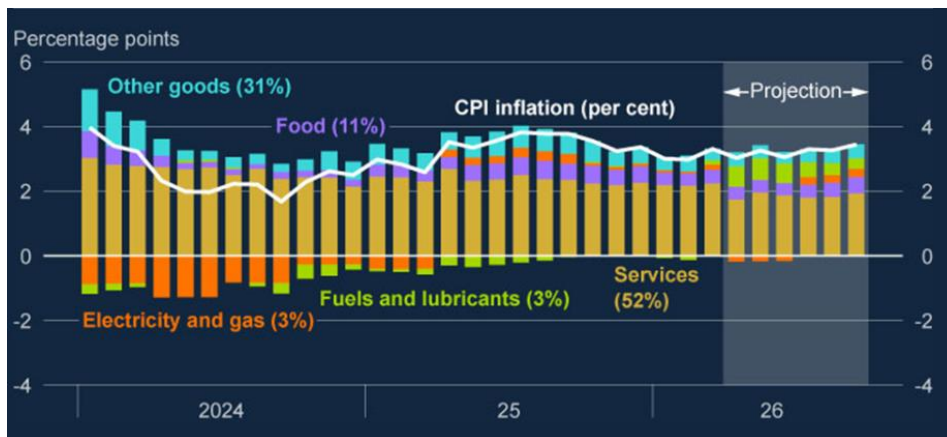
- 3.6** Although there has been substantial disinflation over the past two years, the Council is subject to specific inflationary pressures within key service areas (e.g., fuel costs



within the waste and recycling service). These cost pressures have historically exceeded CPI and RPI, although they fell below CPI during 2025. Despite this recent easing, there remains a risk that volatility in energy markets, particularly arising from geopolitical events, could reverse this trend and place renewed upward pressure on costs and headline inflation.

**3.7** In its April 2026 Monetary Policy Report, the Bank of England highlighted a more uncertain and volatile outlook for inflation. CPI is now expected to increase in the near term, reflecting higher energy prices, before easing back towards the 2% target over the medium term. The Bank has emphasised that the future path of inflation is highly dependent on the scale and duration of energy price pressures, with a range of potential scenarios rather than a single central forecast. The graph below illustrates the CPI trajectory based on the Bank of England’s published projections.

**Graph B – Bank of England Monetary Policy Report (April 2026) – Inflation**



### Interest Rates

**3.8** The Bank of England reduced the Base Rate to 3.75% earlier in 2026 as inflationary pressures eased from previous highs. However, the Bank has taken a more cautious stance in recent months, noting that while inflation had begun to fall, the outlook has become more uncertain. In its April 2026 Monetary Policy Report, the Bank emphasised that monetary policy is now finely balanced, with future decisions dependent on the persistence of inflationary pressures, particularly those arising from energy markets.

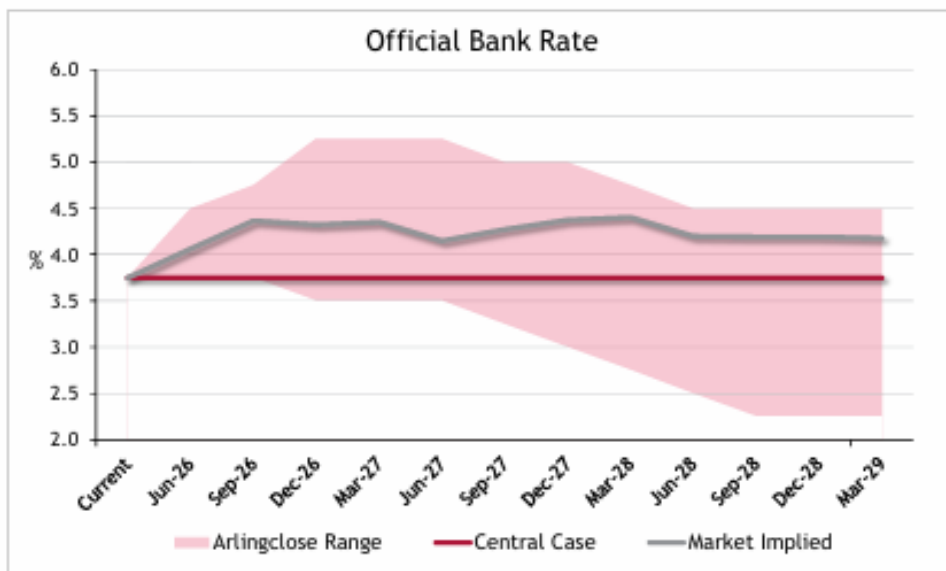
**3.9** Although inflation remains above the 2% target, recent geopolitical developments have led to renewed upward pressure on energy prices. Disruption to global oil and gas supply has contributed to a rebound in near-term inflation expectations, which



may limit the scope for further interest rate reductions in the short term. As a result, the anticipated path of interest rates has become more uncertain, with markets no longer assuming a steady sequence of rate cuts.

**3.10** At its recent meetings, including March and April 2026, the Bank of England has held the Base Rate at 3.75%, while assessing the impact of higher energy prices on inflation and economic activity. The Monetary Policy Committee has indicated that it will respond as necessary to ensure inflation returns sustainably to the 2% target, with future decisions remaining data driven.

**Graph C – Interest Rate Forecast (Arlingclose March 2026)**



**3.11** 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 OUTTURN**

**4.1** There have been largely marginal changes to the overall forecast since Q3; 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 £0.779m



as at 31 March 2026 (an increase of £0.105m since Q3), of this, net additional income of £0.710m will be transferred to the 'Planning Appeals Reserve'.

- 4.2** Net car park income has improved by £0.126m, 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. Underspends within Homelessness (£0.072m) 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 £0.736m to the Capacity Building earmarked reserve (compared to £0.733m forecast at Q3).
- 4.4** Recent global events – particularly the conflict in the Middle East which has driven sharp increases in oil and gas prices – have added renewed pressure on inflation and certainty around future energy and fuel costs. However, this has not had 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**

<b>Budget Item</b>	<b>(£'000)</b>
Original Budget (Council, 24 February 2025)	15,704
Adj:	
Adj:	
Adj:	
Adj:	
<b>Latest Budget</b>	<b>15,704</b>

- 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. The budget is adjusted during Q4 to reflect technical accounting adjustment such as depreciation and movements to/from reserves. These adjustments have no overall impact on the net budget.



- 4.7** As of 31 March 2026, the Council's net expenditure (excluding Funding and Parish Precepts) was £16.978 against the budget of £17.235m. Including funding, this results in a net favourable variance of £0.258m against the net budget.
- 4.8** Table 2 provides Members with an overview of the material outturn variations across services, while Table 3 details the non-service revenue expenditure and income budgets.

**Table 2 – Revenue Budget Outturn Summary**

	2025/26 Latest Net Budget (£'000)	2025/26 Actuals to Q4 (£'000)	2025/26 Outturn Variance (£'000)	Q3 2025/26 Outturn Variance (£'000)	Movement from Q3
<b>Revenue Budget</b>					
Environmental & Regulatory Services	660	589	(71)	(61)	(9)
Business Sup. Svcs - Finance, HR, Procurement	1,439	1,399	(40)	3	(43)
ICT, Change & Customer Services	2,477	2,432	(45)	(14)	(32)
Assets, Property & Regeneration	880	711	(170)	(251)	82
Publica Executives and Modernisation	104	104	0	0	0
Revenues & Housing Support	766	684	(82)	(71)	(11)
Environmental Services	4,629	4,502	(127)	(313)	187
Leisure & Communities	2,280	2,193	(87)	(85)	(2)
Planning & Strategic Housing	1,084	1,090	6	(689)	695
Democratic Services	1,286	1,327	41	(14)	55
Retained and Corporate	2,796	3,093	297	140	157
<b>Subtotal Services</b>	<b>18,401</b>	<b>18,124</b>	<b>(277)</b>	<b>(1,356)</b>	<b>1,078</b>
Less: Reversal of accounting adjustments	(1,939)	(1,948)	(9)	0	(9)
<b>Revised Subtotal Services</b>	<b>16,462</b>	<b>16,175</b>	<b>(287)</b>	<b>(1,356)</b>	<b>1,069</b>
Corporate Income & Expenditure	774	803	29	1,491	(1,462)
Provisions and Risk Items	0	0	0	0	0
<b>Net Budget Requirement</b>	<b>17,235</b>	<b>16,978</b>	<b>(258)</b>	<b>136</b>	<b>(393)</b>
<b>Funded by:</b>					
Council Tax	(7,065)	(7,065)	0	0	0
Retained Business Rates	(6,468)	(6,468)	(0)	0	(0)
Government Funding - Grants	(2,527)	(2,520)	7	0	7
Government Funding - NHB	(820)	(820)	0	0	0
Extended Producer Responsibility (EPR)	(1,683)	(1,683)	0	(181)	181
Collection Fund (surplus) / Deficit	689	689	0	0	0
<b>TOTAL Funding</b>	<b>(17,874)</b>	<b>(17,867)</b>	<b>7</b>	<b>(181)</b>	<b>188</b>
<b>Budget shortfall/(surplus)</b>	<b>(638)</b>	<b>(889)</b>	<b>(251)</b>	<b>(45)</b>	<b>(206)</b>



**Table 3 – Corporate Income and Expenditure**

	<b>2025/26 Latest Net Budget (£'000)</b>	<b>2025/26 Actuals to Q4 (£'000)</b>	<b>2025/26 Outturn Variance (£'000)</b>
<b>Corporate Income and Expenditure</b>			
Savings & Contingency and non service income and exp	52	92	<b>41</b>
Treasury Management - Interest Payable	5	9	<b>4</b>
Treasury Management - Interest Receivable	<b>(1,603)</b>	<b>(1,604)</b>	<b>(2)</b>
Minimum Revenue Provision (MRP)	9	4	<b>(5)</b>
Revenue Contribution to Capital Outlay (RCCO)	0	0	<b>0</b>
Transfer to/(from) Earmarked Reserves	2,311	2,302	<b>(9)</b>
	<b>774</b>	<b>803</b>	<b>29</b>

- 4.9** As outlined, the outturn position is a net underspend/favourable variance of £0.251m, an increase in the reported forecast outturn since Q3 and includes proposed transfers of a number of underspends outlined in 4.16 – 4.17 and 4.40 below.
- 4.10** The Council must ensure it can address the financial challenges arising from the Local Government Finance Settlement and Local Government Reorganisation (“LGR”) over the MTF5-period.
- 4.11** 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.
- 4.12** As set out in paragraph 2.2 and Table ES1, the Q4 outturn for the year is favourable with an increased surplus at the end of the financial year.
- 4.13** 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.
- 4.14** 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.

- 4.15** 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.
- 4.16** Due to the more favourable outturn and allowing for the (potential) increased cost/reliance on interim staff recommendation is to transfer the additional surplus of £0.262m to the Capacity Building reserve providing a revised balance of £1.1m to provide funding for expected workforce pressures in 2026/27 and 2027.
- 4.17** This report includes the following underspends being transferred to the Capacity Building earmarked reserve:
- £0.235m savings from vacancy management plus £0.239m new posts included in the 2025/26 budget
  - £0.262m underspend against the forecast impact of Publica Phase 2

This results in a total transfer of £0.736m to the Capacity Building earmarked reserve.

### **Key Variations**

- 4.18** 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.
- 4.19** The £0.300m cost reduction included in the 2025/26 revenue budget for **Street Cleaning** was not achieved in the current financial year. As previously reported, the savings target was removed from the budget following the Association of Public Sector Excellence (APSE) led review. Whilst options are being considered as a result of the review to improve efficiency and effectiveness of the service, it is unlikely these measures will result in material cost reduction.
- 4.20 Cemetery fees** – the shortfall in income of £43k (£39k Q3) due to continued lower service use in Q4.
- 4.21 Licensing income** – is exceeded budget by £44k largely in respect of taxi drivers' licences. (£30k at Q3)
- 4.22 Development Management fees** - overachievement of planning fees by £0.744m (£0.624m at Q3). This includes £1.613m of Planning Fees (37 Major, 277 Minor, 940 Other) (budget of £0.875m) £0.147m of pre-application fees (448), (budget of £0.142m).



- 4.23** During 2025/26, the Local Planning Authority (LPA) has experienced a significant increase in major housing applications being received, rising from 20 applications in 2023 and 2024, to 45 applications in 2025/26. As a result, the service has significantly overachieved in planning application fee income. This has primarily arisen from a number of speculative housing and other developments coming forward.
- 4.24** 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.
- 4.25** This increase in planning applications (and associated income from fees) for major housing developments continues to 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.
- 4.26** At the September 2025 Cabinet meeting, it was approved in principle that 50% of forecast additional income would be set aside as a risk provision during the financial year, thereby reducing the reported net variation. Following the favourable position reported at Quarter 2, it was subsequently approved that, where the final outturn for Development Management Fees remained positive (i.e. income exceeded the budgeted level), 100% of the net variation would instead be transferred to the Planning Appeals Reserve. On this basis, £0.710m (representing the net underspend after allowing for associated cost increases) will be transferred to the Planning Appeals Reserve.
- 4.27** The Council has spent £0.366m (£0.300m forecast Q3) 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.
- 4.28** The Council has not as forecast achieved 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 net income shortfall of £0.082m is reported 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.

- 4.29** Following the installation of Solar PV at Trinity Road and rental income from the **tenanted areas of Trinity Road Offices**, the Council achieved £0.043m, in income for 2025/26. This represents an excess of £0.017m 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: 50% of offices let and 53.3% of available desks occupied.
- 4.30** Income from the Council's **Car Parks** has continued to perform positively in 2025/26 with income exceeding budget by £0.341m. Income from Car park permits also exceeded budget by £0.018m whilst Penalty Charge Notices (PCNs) is £0.024m 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.
- 4.31** The car park expenditure budget includes an underspend of £0.054m, primarily relating to costs such as repairs and maintenance, business rates and parking and permit software charges.
- 4.32** Income from EV charging points across the district totalled £42k, representing an overachievement of £23k against the approved budget.
- 4.33 Building Control** – 2025/26 has seen a notable improvement in performance compared to 2024/25. Market share is averaging 67% during 2025/26, with 558 applications processed, representing a 10% increase in market share compared to last year. Application volumes remain steady, with a year-on-year increase of 28 applications. Building regulation fees were increased for the 2025-26 financial year to better reflect the cost of running the service. Income outturn is reported as being £0.069m above budget. Expenditure is overspent by £0.026m due in part to audit fees arising from the Building Safety regulator. Despite this expenditure pressure, the service has a net favourable variance of £0.038m (£0.44m Q3).
- 4.34 Public Conveniences** – Income from public conveniences charges is 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



to be transferred to Northleach and Eastington Town Council in 2026/27 subject to an agreement and the provision of a one-off grant of £0.008m

**4.35 Land Charges** – income is above target at the end of the financial year (£0.038m favourable) Application volumes have seen a notable increase in 2025/26, with 1,809 searches received, compared to 1,494 in 2024/25. This represents a 21% year-on-year rise. 565 searches were received during Q4 of 2025/26 (compared to 395 in the last quarter and 411 in the same period last year). These included a large multiple plot search from a local housing association.

**4.36 Green Waste** income totalled £1.588m, in line with the approved budget.

**4.37** 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 overspent by £0.051m 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.

**4.38 Members' Allowances** – Increases to Members' Special Responsibility Allowances, as recommended by the Independent Remuneration Panel in March 2026, 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). These changes have resulted in an adverse variance of £0.043m against the budget in 2025/26.

**4.39 ICT** – £60k underspent during 2025/26 predominantly because of lower than budgeted IT licence and equipment costs following careful management and negotiation of licence renewals. Considering underspends over the past two financial years, the adequacy of the current expenditure estimates will be reviewed as part of the 2027/28 budget-setting process.

**4.40** Underspends relating to **Homelessness**—arising from higher than forecast grant income (£72k)—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, were transferred to earmarked reserves 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 services—comprising grounds maintenance, street cleaning, domestic waste collection, and recycling collections—are delivered by Ubico Ltd. The 2025/26 contract budget is £8.863m; however, actual costs totalled £9.029m, resulting in an adverse variance of £0.166m (Q3: £0.065m adverse).



- 4.42** The forecast reported by Ubico deteriorated by £0.101m between period 11 and period 12 of the 2025/26 financial year. Officers have met with Ubico to discuss this movement and to emphasise the importance of robust and timely forecasting.
- 4.43** This variance is primarily driven by higher-than-anticipated vehicle hire and repair costs, totalling £0.176m. This includes the hire of five additional vehicles in March due to increased downtime and repairs across the ageing fleet. Employee-related costs also exceeded budget by £0.144m, largely due to increased agency usage required to cover high levels of sickness within the waste and recycling service.
- 4.44** These pressures have been partly offset by savings from staff vacancies across street cleaning, grounds maintenance, and cemeteries (£0.112m underspend), as well as lower diesel costs due to favourable pump prices throughout most of the year (£0.095m underspend).
- 4.45** In addition, the overall increase in contract costs has led to a higher corporate overhead recharge of £0.023m, which was not identified at Quarter 3.
- 4.46** Table 4 provides Members with an overview of the financial performance of the Ubico contract.

**Table 4 – Ubico Contract Monitoring**

Waste, Recycling, Street Cleaning and Grounds Maintenance Services	Ubico Contract Costs OB (£'000)	Ubico Contract Costs CS (£'000)	2025/26 Outturn (£'000)	2025/26 Outturn Variance (£'000)
Car Parks GM [CTW668]	68	68	57	(11)
CCM001 Cemetery/Churchyards GM [CTW688]	166	166	138	(28)
RYC002 Garden Waste Collection [CTW634]	1,310	1,310	1,308	(2)
WST001 Household Waste [CTW611]	1,844	1,844	1,942	98
RYC001 Recycling [CTW633]	3,340	3,340	3,457	117
RYC003 Refuse/Recycling/Food Waste [CTW635]	732	732	766	34
STC001 Street Cleaning [CTW666]	1,387	1,387	1,347	(40)
Trinity Road Offices GM [CTW668]	17	17	14	(3)
<b>Grand Total</b>	<b>8,863</b>	<b>8,863</b>	<b>9,029</b>	<b>166</b>
<b>Net variation on contract</b>				<b>166</b>

### Treasury Management

- 4.47** Dividends from the Council's longer-term investments (Pooled funds and Real Estate Investment Trusts) of £0.515m were received in the year to 31 March 2026 achieving a return of 4.94%. Interest from short term cash deposits including the Debt Management Office (DMO) was £0.989m due to higher surplus balances and interest rates remaining at a higher level than assumed in the budget and MTFs.
- 4.48** 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 lower interest rate position. This was a prudent estimate for the year and lower than



the final 2024/25 level of investment income achieved of £1.621m given the forecast interest rate reductions over the financial year.

- 4.49** It is not expected that the current interest rate level will be maintained over the MTF5 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.
- 4.50** Investment income of £1.507m has been included in the outturn, resulting in a £0.300m favourable variance against budget. This surplus has been transferred to the Treasury Management Risk Reserve to mitigate potential future losses on pooled funds or increased borrowing costs.
- 4.51** The outturn is £0.075m lower than forecast at Q3, largely due to the timing of interest received in respect of a development loan to Cottsway Housing Association, which were received in Q1 of 2026/27 rather than in 2025/26, following the securitisation of the loan in June 2026.
- 4.52** The level of investment income for the year depends upon 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 2026.



**Table 5 – Treasury Management Investments**

<b>Investment type</b>	<b>Balance invested at 30/03/26 (£'000)</b>	<b>Investment Income received to 31/03/26 (£'000)</b>	<b>Interest Rates at 31/3/26 (%)</b>
Bank of England DMDAF	10,000	222	3.70
<b>Money Market Funds</b>			
Federated Money Market Fund	3,000	64	3.83
DGLS Money Market Fund	3,000	64	3.82
Insight Liquidity Money Market Fund	3,000	58	3.76
Lloyds Instant Access	265	11	3.51
Santander Call Account	1	-	1.73
Other Short-term deposits	-	13	3.93
<b>Real Estate Investment Trusts (REIT)</b>			
Fundamentum Housing REIT	650	8	3.01
<b>Cash Plus Fund</b>			
Federated Cash Plus Fund	1,239	-	N/A
<b>Pooled Funds</b>			
CCLA Property Fund	2,199	25	4.44
Shroders Income Maximiser Fund	922	36	5.22
CCLA Cautious Multi Assets Fund	926	11	2.13
M&G UK Income Fund	1,943	54	3.41
Ninety-One Investec Diversified Fund	1,848	38	4.20
Columbia Threadneedle Bond Fund	1,959	43	4.55
	<b>30,952</b>	<b>647</b>	<b>4.04</b>

**4.53** 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.

**4.54** 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 8 and **Annex B** of this report provide members with an overview on the non-treasury position.

### **Corporate Income and Expenditure, Provisions, and Risk**

- 4.55** As outlined in Tables 3 and 4 there are variations 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.
- 4.56** As outlined earlier in the report, the outturn includes a shortfall of £0.300m relating to the non-delivery of the Street Cleaning savings target.
- 4.57** 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. COUNCIL TAX AND BUSINESS RATES**

- 5.1** Statute requires that tax revenues from Council Tax and Business Rates are accounted for separately from the General Fund. These arrangements result in the outturn position for the Collection Fund being resolved in future financial years beyond 2025/26.

### **Council Tax**

- 5.2** For the Council Tax element of the Collection Fund, the 2025/26 outturn shows a surplus of £1.292m of which Cotswold District Council's share is £0.156m. The variance between Cotswold's share of the actual 2025/26 outturn and the forecast surplus of £0.172m included in the 2026/27 approved revenue budget will be reflected in the 2027/28 revenue budget estimates.

### **Retained Business Rates and Pooling**

- 5.3** For the Business Rates element of the Collection Fund, the 2025/26 outturn shows a deficit of £1.910m of which Cotswold District Council's share is £0.764m. The variance between Cotswold's share of the actual 2025/26 outturn and the forecast deficit of £0.911m included in the 2026/27 approved revenue budget will be reflected in the 2027/28 revenue budget estimates.
- 5.4** Cotswold's share of gains from the Gloucestershire business rates pool for 2025/26 are estimated to be £0.771m. As outlined in the 2025/26 Budget and Medium Term Financial Strategy approved by Council in February 2025, these gains will be



transferred to the Council's Financial Resilience Reserve to support future budget pressures, funding volatility, and to strengthen the Council's financial sustainability.

## **6. GENERAL FUND AND EARMARKED RESERVES**

**6.1 Annex C** details the reserves held by the Council at 31 March 2026 and the proposed movements to/from and between reserves. The Council's General Fund balance remains unchanged at £1.760m at 31 March 2026. Earmarked reserves have increased overall from £11.152m to £14.093m, reflecting a net transfer of £2.940m to reserves during the year. The table below outlines the movements in earmarked reserves.



**Table 6 – General Fund and Earmarked Reserves**

	<b>Closing Balance 31/03/2025 (£'000)</b>	<b>Transfers (To)/From (£'000)</b>	<b>Review £'000</b>	<b>Closing Balance 31/03/2026 (£)</b>
<b>Earmarked Reserves and Balances</b>				
<b>General Fund Balance</b>	<b>(1,760)</b>	<b>0</b>	<b>0</b>	<b>(1,760)</b>
<b>Council Priorities</b>				
Council Priority: Transformation and Change	(580)	33	248	(299)
Council Priority: Publica Review	(108)	108	0	0
Council Priority: Climate Emergency	(233)	12	120	(100)
Council Priority: Housing Delivery	(500)	0	0	(500)
Council Priority: Local Plan	(1,005)	143	(130)	(993)
Council Priority: Regeneration/Infrastructure	(200)	70	130	0
Council Priority: LGR Transition	0	0	(2,000)	(2,000)
Council Priority: Capacity Building	0	(531)	(340)	(871)
Council Priority: Capital Financing	0	(165)	0	(165)
Council Priority: Other Commitments	(82)	3	80	0
<b>Subtotal Council Priorities</b>	<b>(2,708)</b>	<b>(328)</b>	<b>(1,892)</b>	<b>(4,928)</b>
<b>Risk Mitigation</b>				
Financial Resilience Reserve	(2,943)	(1,241)	1,846	(2,337)
Business Rates Risk	(2,079)	(267)	0	(2,346)
Treasury Management Risk	(375)	(300)	0	(675)
Planning Appeals Risk	(25)	(695)	0	(720)
Asset Management and Property	(382)	0	0	(382)
Commercial Property Income	0	(37)	0	(37)
Extended Producer Responsibility	0	(481)	0	(481)
Other risk mitigation reserves	(96)	(60)	0	(155)
<b>Subtotal Risk Mitigation</b>	<b>(5,899)</b>	<b>(3,081)</b>	<b>1,846</b>	<b>(7,134)</b>
Revenue Grants/Contributions Unapplied	(1,850)	540	1	(1,310)
Ringfenced Earmarked Reserves	(57)	(30)	0	(86)
Other Revenue reserves	(638)	(41)	45	(634)
<b>Subtotal Earmarked Reserves</b>	<b>(11,152)</b>	<b>(2,940)</b>	<b>0</b>	<b>(14,093)</b>
<b>TOTAL GF Balance + Earmarked Reserves</b>	<b>(12,912)</b>	<b>(2,940)</b>	<b>0</b>	<b>(15,853)</b>

**6.2** The movement in reserves reflects the Council's strategic approach to strengthening financial resilience and preparing for future pressures, including Local Government Reorganisation (LGR).



- 6.3** Within Council Priorities reserves, balances have increased from £2.708m to £4.928m. Key movements include the establishment of a £2.0m LGR Transition reserve, funded from the Financial Resilience Reserve, and the continued use of the Capacity Building reserve (£0.871m closing balance) to set aside underspends from vacancy management and Publica Phase 2 to support future staffing costs associated with LGR. Several reserves, including Regeneration/Infrastructure and Climate Emergency, have been realigned or transferred into the Capacity Reserve in line with the 2026/27 Medium-Term Financial Strategy (MTFS).
- 6.4** Risk Mitigation reserves have increased from £5.899m to £7.134m. The Financial Resilience Reserve remains the Council's primary contingency, with a closing balance of £2.337m after funding LGR-related transfers and costs, partially offset by gains from the Business Rates Pool (£0.771m). Other significant movements include strengthening the Business Rates Risk reserve (closing balance of £2.346m), reflecting income volatility, and increasing the Planning Appeals reserve (£0.720m) following the transfer of surplus planning fee income.
- 6.5** Revenue Grants and Contributions Unapplied reduced to £1.310m as balances continued to be applied to service delivery. Other smaller earmarked reserves remain stable and continue to support specific service commitments, including Community Infrastructure Levy (CIL) administration, counter fraud activity, and tourism.
- 6.6** Overall, the reserves position demonstrates a proactive approach to financial planning, with resources being directed towards managing future risks, supporting organisational change, and maintaining financial sustainability over the MTFS period.
- 6.7** Capacity Reserve– It is proposed that the additional surplus from the General Fund (£0.251m) is transferred to the Capacity Reserve.
- 6.8** 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 2025/26 and transfers between reserves as proposed in the 2025/26 Medium-term financial strategy.

## **7. CAPITAL PROGRAMME**

- 7.1** 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 7 below.
- 7.2** The revised capital programme for 2025/26 is £3.379m with a total net spend of £2.604m as at 31 March 2026.



**Table 7 – Capital Programme budget reconciliation**

<b>Capital Programme Reconciliation</b>	<b>(£'000)</b>
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)
<b>Latest Budget</b>	<b>3,379</b>

**Table 8 – Capital Programme Outturn**

<b>Capital Programme</b>	<b>2025/26 OB (£'000)</b>	<b>2025/26 LAB (£'000)</b>	<b>2025/26 Outturn (£'000)</b>	<b>2025/26 Outturn Variance (£'000)</b>	<b>Q3 2025/26 Outturn Variance (£'000)</b>	<b>Movement from Q3 (£'000)</b>
Leisure & Communities	0	244	218	(26)	0	(26)
Housing/Planning and Strategic Housing	1,718	1,845	1,608	(237)	(345)	108
Environment	1,132	651	372	(279)	(176)	(103)
ICT, Change and Customer Services	350	150	144	(6)	2	(8)
UK Rural Prosperity Fund	0	229	195	(34)	0	(34)
UK Shared Prosperity Fund Projects	327	60	52	(8)	0	(8)
Land, Legal and Property	500	200	0	(200)	(200)	0
Transformation and Investment	0	0	0	0	0	0
S106 Refcus (NHS)	0	0	15	15	0	15
<b>TOTAL Capital Programme</b>	<b>4,027</b>	<b>3,379</b>	<b>2,604</b>	<b>(775)</b>	<b>(719)</b>	<b>(56)</b>

**7.3** The outturn for the 2025/26 is an underspend of £0.775m (£0.719m forecast at Q3). **Annex A** sets out the detailed outturn with commentary from budget holders and is summarised in table 8 above.



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

- **Asset Management Strategy** - A underspend of £0.200m is reported 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)** - The annual expenditure was £1.608m resulting in an underspend of £0.167m (£0.275m reported at Q3).
- **Provision for financing of Ubico Vehicles** – underspend of £0.273m against budget. As set out in the report to Cabinet in January 2026, expenditure relating to the replacement of five 3.5 tonne cage vehicles will be reprofiled within the Fleet Replacement Programme. Procurement has been completed, and the vehicles are now scheduled for delivery in Q1 2026/27. Expenditure of £0.254m was forecast at Quarter 3
- 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, 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 £0.049m will be funded from capital receipts.
- **Waste and Recycling Receptacles** - The rolling budget for the purchase of waste and recycling receptacles overspent by £0.046m in 2025/26. This pressure reflects continued growth in the number of properties and an increase in replacement container requests. The unit pricing for all containers has also increased significantly in recent years, and this will need to be reflected in the budget in future years. Benchmarking undertaken as part of a waste review identified that replacement rates are in line with the ranges set by the Waste and Resources Action



Programme (WRAP). The overspend for 2025/26 will be funded from capital receipts.

- **On Street Residential Chargepoint Scheme (ORCS) - £0.065m** Final grant submissions have been completed for the installation of 24 new EV charge points across Tetbury, Moreton-in-Marsh, Stow-on-the-Wold and Cirencester. A safety issue affecting one charger at Brewery, Cirencester is being addressed with the supplier. The unspent budget relating to deferred expenditure of £0.065m will be carried forward into the 2026/27 financial year budget when the charge point is expected to become operational.

**7.5** This report recommends to members that £0.858m of the unspent capital budget is carried forward into 2026/27 as detailed below:

- Spa Pool, Bourton Leisure Centre (£0.006m)
- Disabled Facility Housing Adaptions (£0.167m)
- Bromford Joint Venture Partnership (£0.070m)
- Provision for financing of Ubico vehicles (£0.273m)
- Off Street Residential Charge Point Scheme (£0.65m)
- In cab Technology (£0.015m)
- UK Shared Prosperity Fund Projects (£0.008m)
- Rural England Prosperity Fund (£0.038m)
- Asset Management Strategy (Abberley House Roof) (£0.200m)

**7.6** 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**

**7.7** No asset disposals occurred during the fourth quarter of the financial year. The Council is due to receive its share of Right to Buy receipts from Bromford Housing amounting to £0.325m in relation to 2025/26.

**7.8** In total, net capital receipts of £0.584m have been received from asset disposals during the 2025/26 financial year including:

- Old Station (£0.076m)
- Memorial Cottages (£0.270m)
- Bourton Visitor Information Centre (£0.238m)



**Table 9 – Capital Financing**

<b>Capital Financing Statement</b>	<b>2025/26 OB (£'000)</b>	<b>2025/26 LAB (£'000)</b>	<b>2025/26 Outturn (£'000)</b>	<b>2025/26 Outturn Variance (£'000)</b>
Capital receipts	2,052	952	437	(515)
Capital Grants and Contributions	1,975	2,334	2,074	(260)
Earmarked Reserves	0	0	0	0
Revenue Contribution to Capital Outlay (RCCO)	0	0	0	0
Community Municipal Investments (CMI)	0	93	93	0
Prudential Borrowing	0	0	0	0
	<b>4,027</b>	<b>3,379</b>	<b>2,604</b>	<b>(775)</b>

**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 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 with the Capital Programme financed through internal resources and external grants and contributions, any additional capital expenditure proposed in the future 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.

## **9. RISKS AND UNCERTAINTIES**

**9.1** The reported financial outturn for the 2025/26 financial year remains provisional, pending completion of the external audit by Bishop Fleming. As part of their review of the 2025/26 Statement of Accounts there remains a possibility that the final financial position may be subject to audit adjustment.



- 9.2** As outlined in section 3 and 4.4, 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.
- 9.3** A further risk was identified at Q2 and Q3 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. £0.710m has been set aside as part of the outturn reported.

## **10. CONCLUSIONS**

- 10.1** As set out in paragraph 2.2 and Table ES1, the year-end outturn is favourable with an underspend of £0.251m.
- 10.2** 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.
- 10.3** This report summarises the Council's financial outturn position. As set out within the report, the favourable outturn enables a transfer of £0.736m—arising from underspends linked to recruitment, vacancies and Publica review costs—into the Capacity Building Reserve. In addition, a further £0.251m will be transferred as a result of the overall underspend. These transfers will support capacity-building initiatives in preparation for Local Government Reorganisation (LGR).
- 10.4** The increase in planning applications (and associated income from fees) for major housing developments continues to 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.
- 10.5** 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 outturn position, £0.710m is proposed to be transferred.

## **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 9 of the report set out the material risks and uncertainties.

**14. EQUALITIES IMPACT**

**14.1** None

**15. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**15.1** None

**16. BACKGROUND PAPERS**

**16.1** None

(END)