CORPORATE PERFORMANCE REPORT 2026/27 Q1 – ANNEX A-1

COTSWOLD District Council

1. 2026/27 REVENUE BUDGET FORECAST

1.1 The Revenue Budget was approved by Council at their meeting on 23 February 2026. No adjustments made during the financial year to date.

Table 1 – Revenue Budget reconciliation

Budget Item	(£'000)
Original Budget (Council, 23 February 2026)	17,211
Adj:	
Adj:	
Adj:	
Adj:	
Latest Budget	**17,211**

1.2 As of 30 June 2026 (Q1) the Council's net expenditure (excluding Funding and Parish Precepts) was £2.053m against the profiled budget of £2.992m.

1.3 The outturn forecast for 2026/27 is an underspend of £0.122m – this assumes that the contingency budget is not applied to the £0.171m forecast overspend on the Ubico contract sum. For the purposes of this report, it is assumed that the contingency budget (£0.256m) remains available to support the Council throughout the financial year and utilised to mitigate any budget overspends at this stage.

1.4 Table 2 provides members with an overview of the material outturn variations forecast across services. Table 3 provides additional detail on the non-service revenue expenditure and income budgets.

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Table 2 – Revenue Budget Outturn Forecast Summary

Revenue Budget	2026/27 Latest Net Budget (£'000)	2026/27 Profiled Budget to Q1 (£'000)	2026/27 Actuals to Q1 (£'000)	2026/27 Outturn Forecast (£'000)	2026/27 Outturn Variance (£'000)
D01: Governance	3,352	966	907	3,327	(25)
D02: Resources	3,327	705	339	3,041	(287)
D03: Communities and Place	11,745	1,301	954	11,846	101
D04: Chief Executive	922	268	282	953	31
Subtotal Services	**19,346**	**3,240**	**2,482**	**19,167**	**(179)**
Less: Reversal of accounting adjustments	(2,164)	0	0	(2,164)	0
Revised Subtotal Services	**17,182**	**3,240**	**2,482**	**17,003**	**(179)**
Corporate Income & Expenditure	1,274	(248)	(429)	1,442	169
Subtotal Non-Service Expenditure	**18,456**	**2,992**	**2,053**	**18,446**	**(10)**
Net Budget Requirement	**18,456**	**2,992**	**2,053**	**18,446**	**(10)**
Less: Funding from Earmarked Reserves	(1,245)	0	0	(1,357)	(112)
Net Revenue Budget to be financed	**17,211**	**2,992**	**2,053**	**17,089**	**(122)**
Funded by:					
Council Tax	(7,420)	0	0	(7,420)	0
Retained Business Rates	(1,433)	4,949	5,345	(1,433)	0
Revenue Support Grant (RSG)	(5,818)	(1,571)	(1,571)	(5,818)	0
Government Funding - Grants	(1,558)	0	0	(1,558)	0
Extended Producer Responsibility (EPR)	(1,721)	(461)	(461)	(1,721)	0
Collection Fund (surplus) / Deficit	740	0	0	740	0
TOTAL Funding	**(17,211)**	**2,917**	**3,313**	**(17,211)**	**0**
Budget shortfall/(surplus)	**0**	**5,909**	**5,366**	**(122)**	**(122)**

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Table 3 – Corporate Income and Expenditure

Revenue Budget	2026/27 Latest Net Budget (£'000)	2026/27 Outturn Forecast (£'000)	2026/27 Outturn Variance (£'000)
FIE010 Interest Payable and Similar Charges	3	3	0
FIE030 Interest and Investment Income	(1,157)	(1,240)	(83)
Minimum Revenue Provision	32	32	0
Savings and Contingency	256	225	(31)
Parish Precepts	5,598	5,598	0
Capital expenditure funded from revenue	1,547	1,547	0
Budgeted Transfers to reserves	593	593	0
Proposed Transfers to reserves	0	283	283
	6,871	**7,040**	**169**

1.5 As set out in paragraph 1.3 and Table ES1, the initial outturn forecast for the year is favourable with a surplus likely at the end of the financial year.

1.6 The Council must ensure it can address the financial challenges arising from Local Government Reorganisation (“LGR”) over the MTFS-period. The revenue budget is likely to be under pressure over the next two years as the Council supports the Local Government Reorganisation (LGR) transition plan whilst ensuring services to residents continue to be delivered as normal. There will be a demand on key staff to support the assessment of final proposal and plan for a new unitary structure in Gloucestershire. Following the Government's decision in July for a single unitary authority in Gloucestershire, implementation activity is expected to accelerate, placing further demands on key staff and corporate resources.

1.7 Additional capacity will be needed to support the 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 the Capacity Building earmarked reserves at year end, subject to the final outturn position.

1.8 A key assumption is that there are no additional expenditure commitments that would require support from the Financial Resilience Reserve (FRR). For the avoidance of doubt, the working assumption in the outturn forecast is:

- there is no material deterioration in the outturn forecast in Q2-Q4.
- additional expenditure in any particular service area is offset by a corresponding decrease in expenditure in other service areas.

Key Variations

1.9 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. The Council's revenue budgets have been summarised according to the organisational structure using a multi-level hierarchy. This ensures that financial reporting reflects each Director's and Head of Service's area of responsibility.

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Table 4 – Significant Variations (Q1)

Revenue Budget	2026/27 Latest Net Budget (£'000)	2026/27 Outturn Forecast (£'000)	2026/27 Outturn Variance (£'000)
D01: Governance			
D0121: Democratic Services	788	739	(49)
Other Governance Services			24
Subtotal D01: Governance			**(25)**
D02: Resources			
D0212: Investment Property	(493)	(444)	49
D0224: Council Offices - Property R&M	355	397	42
D0281: Car Parks - xxxx	(2,176)	(2,577)	(401)
Other Resources Services			24
Subtotal D02: Resources			**(287)**
D03: Communities and Place			
D0312: Planning Services (DM)	203	84	(119)
D0313: Planning & Infrastructure	541	719	177
D0314: Natural, Built & Historic Environment	695	727	31
D0315: CIL	0	(65)	(65)
D0321: Climate Change	118	73	(45)
D0341: Waste & Recycling Services (Ubico)	6,765	6,931	166
D0353: Land Charges etc	(113)	(84)	29
Other Communities and Place Services			(74)
Subtotal D03: Communities and Place			**101**
D04: Chief Executive			
D0411: Chief Executive's Office	698	730	31
Other Chief Executive Services			0
Subtotal D04: Chief Executive			**31**
Subtotal Services			**(179)**
Less: Reversal of accounting adjustments			0
Revised Subtotal Services			**(179)**

D01: GOVERNANCE

D0121: Democratic Services – (£49k) net underspend

1.10 **LGPS Employer Pension Contributions (Members)** – The 2026/07 budget included provision for increased costs arising from eligible elected members being able to join the Local Government Pension Fund (LGPS). Eligibility commenced on 11 May 2026, with membership being voluntary and requiring members to opt into the scheme. Take up has been lower than originally anticipated and, as a result a full year underspend of £0.042m is currently forecast.

D02: RESOURCES

<u>D0212: Investment Property - £49k net income shortfall</u>

1.11 **Investment Properties** - The Council is not expected to achieve the budgeted level of commercial rental income from its portfolio due to continued economic pressures within the retail and office sectors, which are impacting rental values and occupancy levels. A forecast income shortfall of £0.035m is anticipated, primarily arising from void periods at Abberley House (£0.022m) following the end of a tenancy. The vacant accommodation is not expected to be re-let until essential roof repairs have been completed later in the financial year.

<u>D0224: Council Offices – Property R&M - £42k net overspend/income shortfall</u>

1.12 Rental income from the tenanted areas of Trinity Road Offices is currently below the budgeted target of £0.083m for 2026/27 and is forecast to achieve £0.050m, resulting in an anticipated shortfall of £0.033m. Officers continue to monitor performance closely through updates provided by Watermoor Point's live data dashboard, which provides information on occupancy levels and enquiry activity, alongside more formal quarterly performance review meetings. Current occupancy levels are 50% of office units and 51% of available desks, with efforts continuing to increase take-up and improve income generation during the remainder of the financial year.

<u>D0281: Car Parks – (£400k) income surplus</u>

1.13 Income from the Council's Car Parks has performed positively in the first quarter of 2026/27 exceeding budget by £0.760m (net of transactional fees). Assuming current performance continues net income is expected to exceed budget by £0.300m for the full financial year.

1.14 Income performance for both parking permits and Penalty Charge Notices (PCNs) is currently ahead of budget at Quarter 1. Based on current activity levels and income trends, permit income is forecast to exceed budget by £0.010m over the full financial year, whilst PCN income is forecast to be £0.058m above budget. The position will continue to be monitored throughout the year, recognising that income levels remain dependent on parking demand, enforcement activity and compliance rates.

1.15 **EVCP income** has continued to perform strongly, generating net income of £0.012m in Quarter 1 and is forecast to result in an overachievement of £0.030m for the 2026/27 financial year.

D03: COMMUNITIES AND PLACE

D0312: Planning Services (DM) – (£119k) net underspend/income surplus

1.16 Q1 Development Management income is exceeding budget, with planning fee income of £0.356m received against a budget of £0.231m, generating a favourable variance of £0.125m. This comprises fees from 6 major (11 in Q1 2025/26), 92 minor (82 in Q1 2025/26) and 305 (236 in Q1 2025/26) other planning applications. In addition, £0.054m of pre application fee income has been received from 106 enquiries (129 in Q1 2025/26), against a budget of £0.049m. Based on current activity levels and income trends Development Management fee income is forecast to exceed the annual budget by £0.200m for the full financial year.

1.17 During Q1 2026/27, the Local Planning Authority (LPA) has continued to experience higher than anticipated levels of planning activity, particularly in relation to major housing developments. This has resulted in planning application fee income continuing to exceed budget forecasts. As in 2025/26, this overachievement has primarily arisen from speculative housing proposals and other significant development schemes being brought forward for consideration.

1.18 The service also continues to receive a large number of pre-application enquiries relating to potential future developments. In addition, work on the emerging Local Plan is expected to encourage the early submission of applications relating to potential site allocations, with a number of schemes currently at pre-application stage anticipated to progress to full applications.

1.19 As a large number of these schemes are speculative, it is likely that a number will be refused permission and will therefore result in appeals. Given the scale of development, there is a high chance appeals are dealt with as informal hearings or inquiries which bring greater costs to the Council.

1.20 Subject to the final outturn position for Development Management Fees remaining positive (i.e. income received in the year is above the budgeted level), it is proposed that 100% of the variation is transferred to the Planning Appeals reserve.

D0313: Planning & Infrastructure - £177k net overspend

1.21 The net forecast staff overspend reflects higher-than-budgeted staffing costs resulting from agency staff expenditure and the underachievement of the vacancy factor target.

1.22 The Council has spent £0.078m on the Local Plan in Q1 2026/27, including staff, consultancy and IT licence costs with a further £0.3m of commitments. This will be fully funded from the Local Plan reserve and will therefore have no impact on the Council's forecast outturn position.

D0314: Natural, Built & Historic Environment - £31k net overspend

1.23 Overspend due to interim staff costs and vacancy factor not achieved.

D0315: Community Infrastructure (CIL) Levy – (£65k) net underspend

1.24 Budget that provides administrative support to the CIL process to be utilised to fund Planning and Infrastructure staff overspend (DO313)

D0321: Climate Change- (£45k) net underspend

1.25 Salary underspend net of vacancy factor. An element of this underspend may be utilised to support the wider Climate Change work across the Council. The forecast will be updated in subsequent reports to reflect any utilisation of this budget.

D0341: Waste & Recycling Services (Ubico) - £166k net overspend

1.26 The Council's Environmental (grounds maintenance, street cleaning, domestic waste collection, recycling collections etc) are provided by Ubico Ltd. The contract with Ubico for 2026/27 of £9.173m is forecast to cost £9.344m – an adverse variation of £0.171m This is predominantly due to:

- Vehicle hire costs (£0.094m) due to age of fleet on Refuse, Reycling and Street Cleaning.
- Fuel costs (£0.030m) – Diesel price remains above budgeted assumption of £1.20 p/l (excl VAT) this is offset by an underspend in use following a detailed review of historic data which has enabled excess volume in the budget to be removed by 44,000L. Net overspend forecast of £0.030m.
- Employment costs (£0.027m) – Staffing costs are above budget due to increased agency expenditure arising from employee sickness and increased requirement for additional loaders due to light duties for return-to-work needs. Agency spending is expected to add an extra £0.106m in forecast costs over the full year. This is offset by savings because of vacancies within Street Cleaning, producing a net saving of £0.058m

1.27 Officers will continue to challenge and support Ubico with the expectation that the service should be delivered within the contract sum and the forecast overspend should be mitigated through compensating management action across the wider contract. Table 5 provides members with an overview of the financial performance of the Ubico Contract.

1.28 Should the forecast Ubico contract overspend of £.0171m continue, it could be offset from the wider contract contingency budget of £0.178m that has been set aside within the Council's approved budget for 2026/27. This would leave a remaining contingency balance of £0.007m, although efforts will be made to reduce the forecast overspend before any contingency is required.

Table 5 – Ubico Contract

Waste, Recycling, Street Cleaning and Grounds Maintenance Services	Ubico Contract Costs OB (£'000)	Ubico Contract Costs CS (£'000)	2026/27 Outturn Forecast (£'000)	2026/27 Outturn Variance (£'000)
Car Parks GM [CTW668]	65,839	65,839	66,447	608
CCM001 Cemetery/Churchyards GM [CTW688]	182,498	182,498	184,184	1,686
RYC002 Garden Waste Collection [CTW634]	1,323,443	1,323,443	1,356,139	32,696
WST001 Household Waste [CTW611]	1,864,805	1,864,805	1,960,230	95,425
RYC001 Recycling [CTW633]	3,488,214	3,488,214	3,539,554	51,340
RYC003 Refuse/Recycling/Food Waste [CTW635]	755,464	755,464	787,018	31,554
STC001 Street Cleaning [CTW666]	1,476,189	1,476,189	1,434,182	(42,007)
Trinity Road Offices GM [CTW668]	16,737	16,737	16,891	154
	9,173,188	**9,173,188**	**9,344,645**	**171,458**

1.29 Garden Waste fee income has exceeded the budgeted income target. Income totalled £1.607m at the end of July 2026, £0.019m above the budget of £1.588m. Whilst income was £0.011m below the profiled budget at Quarter 1, the sale of additional licences during July resulted in the budget being exceeded.

D0353: Land Charges - £29k Income Shortfall

1.30 **Land Charges** income at Quarter 1 is currently £0.010m below budget, reflecting a reduction in application volumes. During the quarter, 407 applications were received, compared with 446 applications in Quarter 1 of 2025/26, representing a 9% year-on-year decrease. Performance has also been impacted, with average turnaround times increasing from 5.25 days in Quarter 1 of 2025/26 to 12.78 days in Quarter 1 of 2026/27, against a target of 10 days.

1.31 Land Charges performance has been volatile in recent years, with a combination of resource-intensive processes, product complexity and staffing challenges contributing to the current position. In response, the service has developed a strategic recovery plan focused on four key areas: improving customer access routes into the service; enhancing triage and processing arrangements; reviewing products and service delivery; and assessing fees and charges. The recovery plan will focus on developing and testing new ways of working over the summer, with implementation and refinement scheduled for the autumn, with the aim of improving both service performance and financial sustainability.

D04: CHIEF EXECUTIVE

D0411: Chief Executive's Office – £31k net overspend

1.32 Vacancy Factor not met.

CROSS-CUTTING ANALYSIS OF SERVICE VARIATIONS

Vacancy Management

1.33 The tables below set out the consolidated financial performance against the Council's salary budgets, taking into account agency staff costs and the 3.5% vacancy factor that was applied to all staffing budgets for 2026/27.

1.34 The application of the vacancy factor in effect front-loaded the revenue budget with a vacancy management savings target. In previous years, vacancy management savings have been achieved through 'churn' (as staff leave there will be an inevitable delay in filling the role due to recruitment and market challenges). Significant vacancy management savings were achieved in 2025/26 (£0.710m) and in prior financial years.

1.35 The Q1 budget monitoring has identified an initial adverse variation of £0.150m across the Council's net salary budgets of £7.581m (£7.769m less £0.187m vacancy factor). The tables show the breakdown against salary costs, agency staff and vacancy factor budgets.

1.36 The majority of the adverse position can be attributed to the recruitment and retention challenges within Planning Services, which have resulted in a greater reliance on agency staff and associated costs exceeding the approved salary budget.

1.37 The Council continues to experience recruitment and retention challenges within Planning Services, reflecting wider pressures across the local government sector. In response the Council has adopted a Retention Strategy 2026-28 (approved by Cabinet on 16 April 2026) aimed at improving workforce stability, career development and staff retention, although delivery of these benefits is expected to take time.

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	Budget					Actual Expenditure to date					
Income Budget	**2026/27 Salary costs LAB (£)**	**2026/27 Agency staff LAB (£)**	**2026/27 Vacancy Factor LAB (£)**	**2026/27 Net Salary LAB (£)**	**2026/27 Profiled Budget to Q1 (£)**	**2026/27 Salary costs ACT (£)**	**2026/27 Agency staff ACT (£)**	**2026/27 Vacancy Factor ACT (£)**	**2026/27 Net Salary ACT (£)**	**2026/27 Outturn Forecast (£)**	**2026/27 Outturn Variance (£)**
D01: Governance											
D0111: Legal Services	379,359	0	0	379,359	158,066	116,319	0	0	116,319	379,359	0
D0121: Democratic Services	246,153	0	(8,281)	237,872	99,114	76,713	0	0	76,713	230,595	(7,277)
D0122: Elections	164,764	0	(5,767)	158,997	66,249	41,467	0	0	41,467	148,997	(10,000)
D0131: Communications	310,109	0	(10,854)	299,255	124,689	96,076	0	0	96,076	310,109	10,854
D0142: Publica HR	122,975	0	(4,304)	118,671	49,446	40,189	0	0	40,189	118,671	0
Subtotal D01: Governance	**1,223,360**	**0**	**(29,206)**	**1,194,154**	**497,564**	**370,764**	**0**	**0**	**370,764**	**1,187,731**	**(6,423)**
D02: Resources											
D0215: Counter Fraud & Enforcement Unit	802,000	0	0	802,000	334,167	259,820	0	0	259,820	802,000	0
D0219: Publica Financial Services	329,681	49,202	(11,539)	367,344	153,060	79,094	9,147	0	88,241	367,344	0
D0221: Strategic Housing	163,257	0	(5,714)	157,543	65,642	53,992	0	0	53,992	163,257	5,714
D0222: Property & Assets Team	543,826	0	(19,034)	524,792	218,664	148,580	0	0	148,580	528,418	3,626
D0261: Homelessness & Temporary Accommodation	0	0	0	0	0	0	5,908	0	5,908	0	0
Subtotal D02: Resources	**1,838,764**	**49,202**	**(36,287)**	**1,851,679**	**771,533**	**541,486**	**15,055**	**0**	**556,541**	**1,861,019**	**9,340**

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	Budget					Actual Expenditure to date					
Income Budget	2026/27 Salary costs LAB (£)	2026/27 Agency staff LAB (£)	2026/27 Vacancy Factor LAB (£)	2026/27 Net Salary LAB (£)	2026/27 Profiled Budget to Q1 (£)	2026/27 Salary costs ACT (£)	2026/27 Agency staff ACT (£)	2026/27 Vacancy Factor ACT (£)	2026/27 Net Salary ACT (£)	2026/27 Outturn Forecast (£)	2026/27 Outturn Variance (£)
D03: Communities and Place											
D0311: Building Control	241,654	0	(9,999)	231,655	96,523	76,215	0	0	76,215	239,154	7,499
D0312: Planning Services (DM)	1,236,222	0	(43,268)	1,192,954	497,065	306,876	100,148	0	407,024	1,273,472	80,518
D0313: Planning & Infrastructure	549,009	0	(19,215)	529,794	220,747	163,712	43,528	0	207,240	707,121	177,327
D0314: Natural, Built & Historic Environment	622,399	0	(21,784)	600,615	250,256	171,051	19,483	0	190,534	631,953	31,338
D0315: CIL	112,106	0	(3,924)	108,182	45,076	0	0	0	0	43,182	(65,000)
D0321: Climate Change	97,636	0	(3,417)	94,219	39,257	22,090	0	0	22,090	49,259	(44,960)
D0331: Communities	406,919	0	(14,242)	392,677	163,615	100,504	0	0	100,504	377,730	(14,947)
D0332: Leisure	111,970	0	(3,919)	108,051	45,021	26,973	0	0	26,973	84,182	(23,869)
D0334: Economic Development	66,530	0	(2,329)	64,201	26,751	21,565	0	0	21,565	64,201	0
D0335: Tourism	269,893	0	0	269,893	112,456	88,911	0	0	88,911	269,893	0
D0341: Waste & Recycling Services (Ubico)	179,290	0	(6,275)	173,015	72,089	45,786	0	0	45,786	179,290	6,275
D0351: ERS	0	0	0	0	0	0	0	0	0	0	0
D0352: Land Drainage & Flood Defence	0	0	0	0	0	27,735	0	0	27,735	0	0
D0361: Transformation Programme Management	47,281	0	0	47,281	19,700	14,247	0	0	14,247	46,281	(1,000)
Subtotal D03: Communities and Place	**3,940,909**	**0**	**(128,372)**	**3,812,537**	**1,588,556**	**1,065,665**	**163,159**	**0**	**1,228,824**	**3,965,718**	**153,181**
D04: Chief Executive											
D0411: Chief Executive's Office	709,358	0	(24,692)	684,666	285,278	238,964	79,308	0	318,272	709,358	24,692
D0421: Emergency Planning & BCP	7,177	0	0	7,177	2,991	2,595	0	0	2,595	7,177	0
Subtotal D04: Chief Executive	**716,535**	**0**	**(24,692)**	**691,843**	**288,269**	**241,559**	**79,308**	**0**	**320,867**	**716,535**	**24,692**
Subtotal Non-Service Expenditure	**7,719,568**	**49,202**	**(218,557)**	**7,550,213**	**3,145,922**	**2,219,474**	**257,522**	**0**	**2,476,996**	**7,731,003**	**180,790**
D05: Non-Service Expenditure											
D0516: Contract Risk/Inflation Provision	0	0	31,222	31,222	13,009	0	0	0	0	0	(31,222)
TOTAL Vacancy Management	**7,719,568**	**49,202**	**(187,335)**	**7,581,435**	**3,158,931**	**2,219,474**	**257,522**	**0**	**2,476,996**	**7,731,003**	**149,568**

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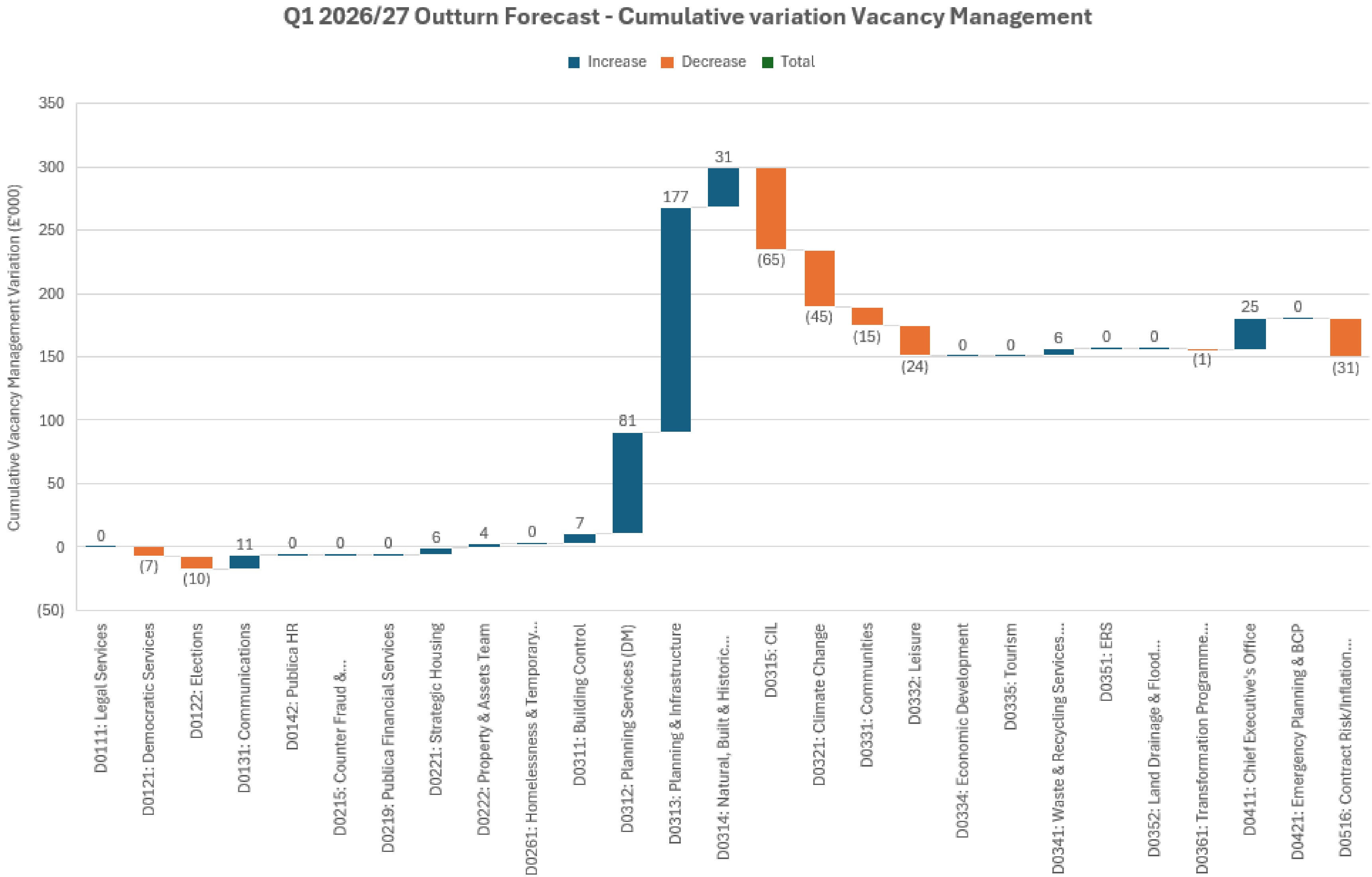

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Income Streams

1.38 The table below and accompanying charts provides analysis of the financial performance across the Council's major income streams. Net additional income of £0.668m is anticipated by the end of the financial year and has been included in the wider outturn forecast.

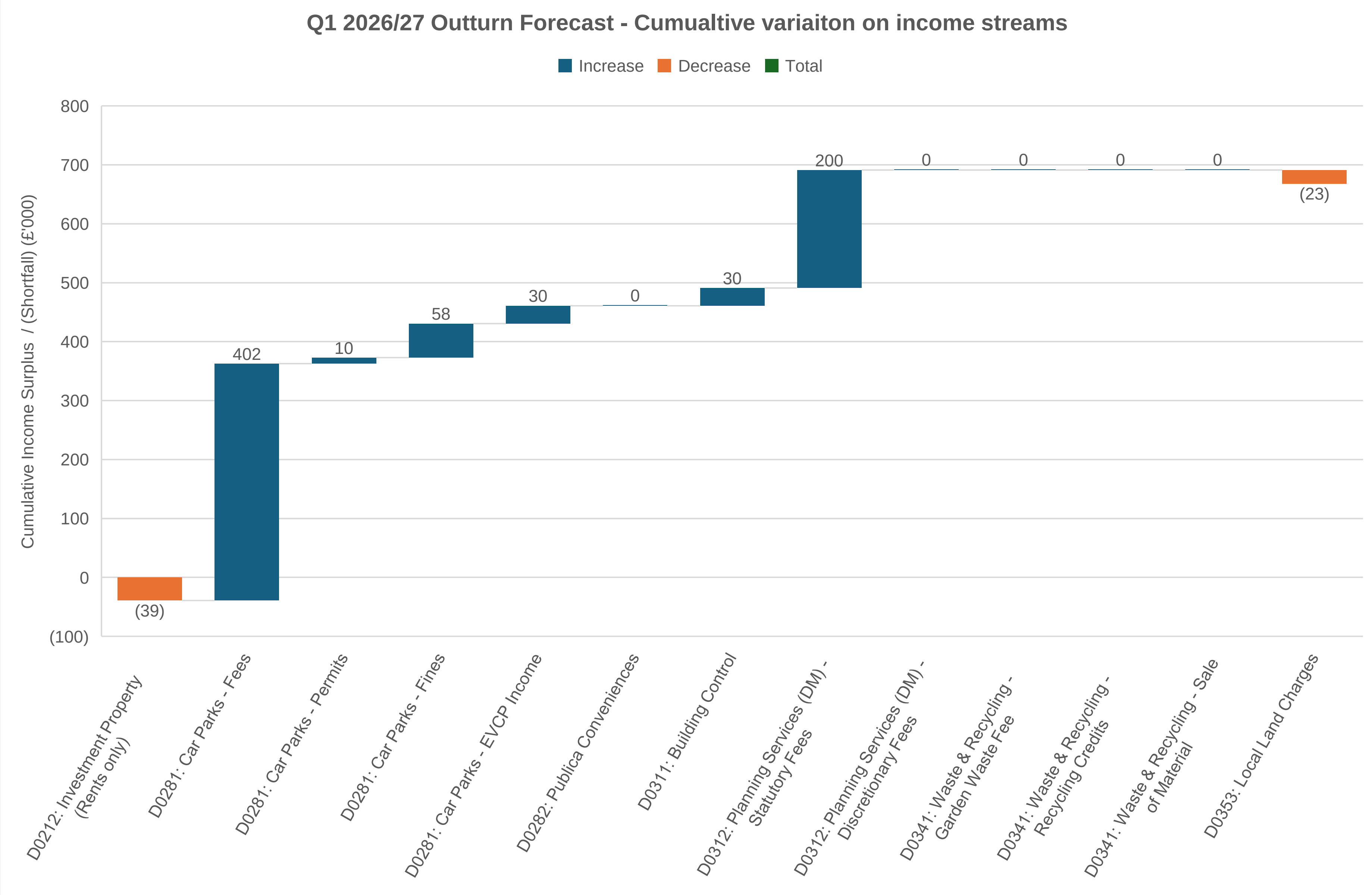
1.39 Income from Car Parks (Fees, Permits, Fines) has remained above the budgeted level. Whilst this was the case in 2025/26 this improved position was not reflected in the 2026/27 budget with the prudent assumption that until a longer-term trend was clear, the council should continue to assume a level of car park income in-line with activity levels from 2024/25.

1.40 As highlighted in para 1.16, income from planning fees has continued to be above budgeted levels. As with car park income, this increased level of activity was not reflected in the 2026/27 in part due to the progress of the Council's Local Plan likely to reduce the level of speculative planning applications.

Income Budget	2026/27 Latest Income Budget (£'000)	2026/27 Profiled Budget to Q1 (£'000)	2026/27 Actuals to Q1 (£'000)	2026/27 Outturn Forecast (£'000)	2026/27 Outturn Variance (£'000)
D0212: Investment Property (Rents only)	(556)	0	(221)	(517)	39
D0281: Car Parks - Fees	(3,468)	(834)	(933)	(3,869)	(402)
D0281: Car Parks - Permits	(177)	(42)	(55)	(187)	(10)
D0281: Car Parks - Fines	(55)	(10)	(31)	(113)	(58)
D0281: Car Parks - EVCP Income	(19)	0	2	(49)	(30)
D0282: Public Conveniences	(138)	(35)	(42)	(138)	0
D0311: Building Control	(270)	(68)	(89)	(300)	(30)
D0312: Planning Services (DM) - Statutory Fees	(924)	(231)	(354)	(1,124)	(200)
D0312: Planning Services (DM) - Discretionary Fees	(197)	(49)	(54)	(197)	0
D0341: Waste & Recycling - Garden Waste Fee	(1,596)	(1,596)	(1,585)	(1,596)	0
D0341: Waste & Recycling - Recycling Credits	(600)	(100)	(186)	(600)	0
D0341: Waste & Recycling - Sale of Material	(242)	(40)	21	(242)	0
D0353: Local Land Charges	(195)	(49)	(38)	(172)	23
	(8,436)	**(3,053)**	**(3,564)**	**(9,104)**	**(668)**

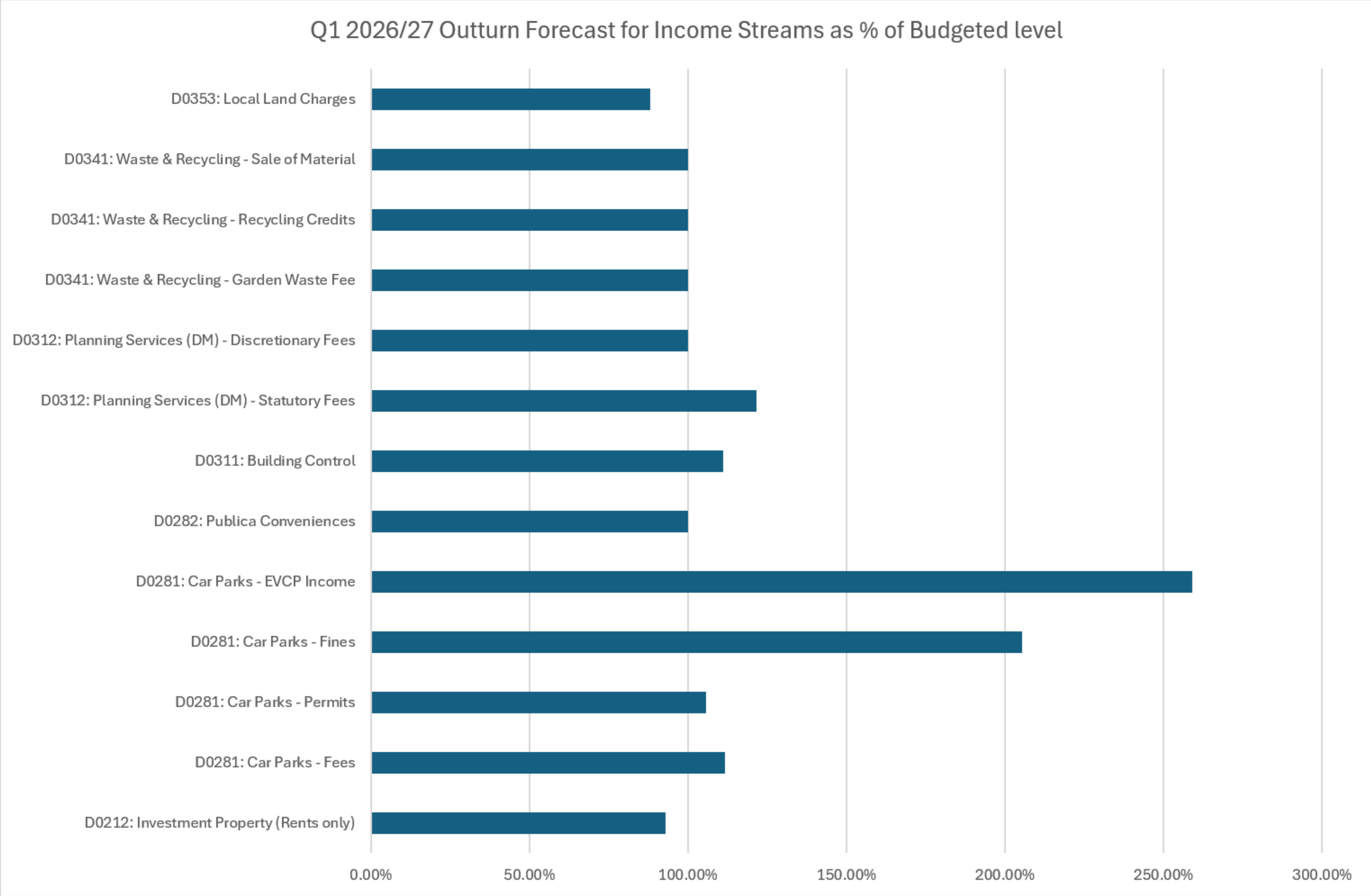
CORPORATE PERFORMANCE REPORT 2026/27 Q1 – ANNEX A-1

COTSWOLD
District Council



CORPORATE PERFORMANCE REPORT 2026/27 Q1 – ANNEX A-1

COTSWOLD
District Council



D05: NON-SERVICE

Treasury Management

1.41 Dividends from the Council's longer-term investments (Pooled funds and Real Estate Investment Trusts) of £0.124m were received in the three months to the 30 June 2026 year achieving a return of 4.54%. Interest from short term cash deposits including the Debt Management Office (DMO) totalled £0.212m. Overall investment income for Q1 was overachieved by £0.085m. However, a year end underachievement of £0.015m is forecast due to reducing surplus cash balances being available for investment and higher dividend distribution from two pooled funds being received in Quarter one.

1.42 It should be noted that the budgeted level of net investment income for 2026/27 is £1.075m – a decrease of £0.133m over the 2025/26 budgeted level and recognises the current interest rate position. This is a prudent estimate for the year and is lower than the final 2025/26 level of investment income achieved of £1.507m.

1.43 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 2027/28 reducing to around £0.500m.

1.44 A prudent forecast of investment income has been included in the outturn forecast of £1.159m. This includes the expectation that the base rate will remain at 3.75% through the remainder of the financial year.

1.45 The level of investment income for the year will depend on the performance of both short-term investments (Money Market Funds, deposits with the DMO) and dividends from the long-term investment. The table below provides members with a high-level overview of the Council's Treasury Management investments on 30 June 2026.

1.46 Interest from loans is forecast to be £0.099m overachieved as a result of higher than anticipated interest income following the securitisation of the Cottsway Housing

Association Loan in June 2026. This triggered the receipt of interest that had initially been expected in 2025/26, resulting in additional income being recognised in 2026/27.

Table 6 – Treasury Management Investments

Investment type	Balance Invested at 30/06/26 (£'000)	Investment Income received 2026/27 (£'000)	Interest Rates at 30/06/26 (%)	Expected Annual Interest 2026/27
Bank of England DMADF	2,190	86	3.88	165,933
Money Martket Funds				
Federated Money Market Fund	3,000	29	3.83	94,053
DGLS Money Market Fund	3,000	28	3.82	112,994
Insight Liquidity Money Market Fund	3,000	27	3.76	68,045
Lloyds Instant Access	215	3	3.51	4,379
Santander Call Account	1	-	1.73	1,316
Other Short-term deposits	2,000	39	3.93	38,794
Real Estate Investment Trusts (REIT)				
Fundamentum Housing REIT	640	-	3.01	30,000
Cash Plus Fund				
Federated Cash Plus Fund	1,277	-	N/A	-
Pooled Funds				
CCLA Property Fund	2,170	0	4.16	100,000
Schroders Income Maximiser Fund	956	12	4.46	65,000
CCLA Cautious Multi Assets Fund	919	10	4.10	30,000
M&G UK Income Fund	2,140	60	5.22	100,000
Ninety-One (Investec) Diversified Fund	1,849	22	4.17	90,000
Columbia Threadneedle Bond Fund	1,951	20	4.07	90,000
	25,309	**336**	**3.96**	**990,514**

1.47 Council approved the Capital Strategy and the Treasury Management Strategy (including the Non-Treasury Management Investment Strategy) at their meeting on 23 February 2026. 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.

1.48 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 6 and **Annex A-2** of this report provide members with an overview on the non-treasury position.

Corporate Income and Expenditure, Provisions, and Risk

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

1.50 As outlined earlier in this section, the overachievement of the Council's investment income is attributable to higher than anticipated interest income following the securitisation of the Cottsway Housing Association Loan in June 2026. This triggered the receipt of interest that had initially been expected in 2025/26, resulting in additional income being recognised in 2026/27.

1.51 The forecast outturn assumes the salary contingency of £0.031m will not be used.

1.52 Corporate Income and Expenditure includes a proposed transfer of £0.283m to earmarked reserves. This comprises £0.200m of Planning income to be transferred to the Planning Appeals Reserve and £0.83m of additional interest from the Cottsway Loan to be transferred to the Treasury Management Reserve