



COTSWOLD
District Council

STATEMENT OF ACCOUNTS 2024/25 (AUDITED)

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NARRATIVE REPORT

Narrative Report

Cotswold District Council

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

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

Our Aims and Priorities

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

The administration set out its aims, priorities and underlying principles that set the direction for the Corporate Strategy for the Council for the period 2024-2028. The Strategy sets out how the Council will achieve its aims and deliver on its priorities. The first strategy developed by the Council in 2020 has been updated as projects have progressed, and the national picture has developed.

The Council's overall aim set out within the Corporate Plan is to rebuild the Council so it can be proactive and responsive to the needs of our residents and businesses in a fast-changing environment, building for the future whilst respecting our heritage.

Key areas of focus are:

- Delivering good services
- Responding to the climate crisis

- Delivering housing
- Supporting communities
- Supporting the economy

The financial impact of these priorities was reflected in an update to the Medium-Term Financial Strategy during 2024/25.

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

Items of note in relation to 2024/25 include:

Delivering good services

- Delivered a programme to bring Council services back in house, maximising responsiveness and democratic accountability. Phase 1 completed in November 2024 and the comprehensive Phase 2 Publica Transition Plan was presented to Cabinet and Full Council in March 2025, where it received full approval. Formal consultation with employees affected by Phase 2 commenced in April, with their transfer to Council employment scheduled to take effect from July 2025.

Responding to the climate crisis

- The Council has partnered with Gloucestershire authorities to launch a retrofit support service, live since January 2025. The service provides energy efficiency plans, vetted installers and project management. Cotswold District Council has also employed a Retrofit Engagement Officer, who will offer community events and free home visits until September 2025 to promote energy efficiency and renewable energy installations. Severn Wye Energy Agency (SWEA) will provide free energy advice to low-income households through the Warm and Well Scheme for the next five years.
- Cotswold Home Solar is being actively promoted and delivered, with 27 households having already installed solar panels. Additionally 18 more households have placed deposits for installation.
- The Ecology team have focused on implementing the new Biodiversity Net Gain (BNG) legislation. Decisions have been issued for some cases with non-significant on-site BNG, and the first biodiversity gain condition compliance application has been received. Drafting of Section 106 agreements is underway. An additional Biodiversity Officer has been appointed to increase capacity for BNG, Habitat Regulations Assessment (HRA), the ecological emergency, and mandatory biodiversity action planning and monitoring for all Council services, as well as work on the Local Plan review.

Delivering housing

- The Strategic Housing Manager is developing strategies and options for a more interventionist approach to housing delivery. This includes fostering collaborations with landowners, developers, and Registered Providers to enhance housing availability and effectiveness. Additionally,

a pipeline of potential Rural Exception Sites is being developed

- Work is ongoing to support all refugees, whether through a resettlement scheme or dispersed asylum. In addition to ensuring that families and individuals are properly housed and continuous wraparound support is being provided to aid with resettlement and foster community cohesion.
- The Cotswold Housing First project to end rough sleeping and provide a secure home and tailored support is widely recognised across the county as an exemplary model for projects of this type. Its success rates exceed national averages, and the Housing team continues to collaborate closely with Bromford Housing Association and P3 to ensure its ongoing success.
- Planning consent for the zero-carbon affordable housing development in Down Ampney was granted on 12th March 2025, but Bromford needs to address issue with the surface water drainage design and coordinate with Thames Water on infrastructure upgrades. These factors may delay the start of work to 2027

Supporting communities

- The first two of fourteen 'Strengthening Communities' events took place over February half term, bringing together statutory and community organisations to promote services in the district larger settlements. These events focus on empowering residents to engage in positive local activity, with strong support from health partners. The team also worked with partners to secure the local Digi-hubs contract from the Churn and Cotswold Friends, ensuring continued digital inclusion support across the district.
- The Spring Round of Crowdfund Cotswold closed on 9th April 2025. The February project creator workshop was well attended and generated several ideas expected to come forward later this year or early next. Supported activity echoes the pattern from previous rounds, covering community buildings and physical and cultural activity.
- The Unsung Hero Awards scheme, designed to recognise the efforts of volunteers across the district who dedicate their time to helping others, was launched in July. Awards were presented at Full Council in September and January.
- The installation of cycle parking concluded, with a total of 78 racks installed across the area, and across a wide range of destinations, ranging from community assets to new or established businesses.
- The first campaign, using the online toolkit LIFT (Low Income Family Tracker) ran in December and focused on identifying benefits customers likely to qualify for Pension Credit and, consequently, Winter Fuel Allowance

Supporting the economy

- Officers continue to work with businesses from key sectors, including agritech, cyber/digital, and

sustainable aviation, to promote employment opportunities. Discussions with key stakeholders about promoting apprenticeship opportunities are ongoing, and a campaign is planned once the new government's intended changes to apprenticeships have been announced.

- The final version of the refreshed Green Economic Growth Strategy was adopted by Cabinet in March 2025.
- 14 projects have been allocated funding by the Rural England Prosperity Fund (REPF) grant scheme for village halls. A number have been completed and others are at various stages of delivery.
- The outline planning application for the Royal Agricultural University's Innovation Village is currently progressing through the process. Officers and representatives from the RAU and its advisers have met to resolve outstanding issues, including comments from consultees.
- Officers meet monthly with representatives from the RAU and Growth Hub to monitor progress, with performance currently on track to meet targets. Cirencester Growth Hub remains one of the most successful in the network by several measures. Outreach Navigators continue to operate across the district, holding well-attended events and discovery meetings at the Moreton Area Centre. Cabinet has approved a further year of funding for 2025–26
-

Publica Group (Support) Limited

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

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

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

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

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

Phase 1 included the following services:

- Democratic Services and Elections
- Forward Planning
- Development Management
- Ecology
- Conservation, Heritage and Design
- Building Control
- Economic Development
- Tourism
- Communities and Wellbeing
- Climate Change
- Strategic Finance
- Communications
- Strategic Housing
- Corporate Planning, Policy and Partnerships
- Executive Assistant and Support.

Following the approval of the Detailed Transition Plan by Council in July 2024 Phase 1 of the transition completed in November 2024. A Detailed Transition Plan for Phase two (Project Management, Leisure Management, Property and Estates and Waste & Recycling) was approved by Council in March 2025 with full transfer to Council employment completed in July 2025.

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

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

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 4-year MTFS, the latest being approved by Council on 24th February 2025. Despite uncertainties around Local Government Funding Reforms, the continued pressure on households from the cost of living crisis, and the general economic position, the Council has prepared a sound budget whilst maintaining services to residents.

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

The Council will need to continue to take steps to manage and address the budget gap identified over the MTFS period

The capital programme includes planned expenditure of £7.44m in 2025/26 with the Council needing to consider the outcome of due diligence work on other potential schemes before any further capital expenditure is committed.

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

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

Reserves continue to be held to support the implementation of key projects and to mitigate against the substantial increased risk the Council is facing. Reserves held to promote financial sustainability are forecast to be depleted during the MTFS period. All reserves will be monitored and reported to Cabinet throughout 2025/26 and will be reprioritised where appropriate.

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

MTFS Summary	2025/26	2026/27	2027/28	2028/29
	£000s	£000s	£000s	£000s
Net Service Revenue	17,241	17,241	17,241	17,241
Expenditure				
Corporate Items/Non-Service Income and Expenditure	(1,154)	(459)	169	121
Transfer to/(from) earmarked reserve	(620)	(1,259)	(13)	37
Provision for Inflation	0	629	1268	1,903
Service and Corporate Items	15,467	16,152	18,665	19,302

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Budget Pressures	597	763	564	464
Savings and Transformation Plan items	(359)	(1,340)	(1,551)	(1,766)
Net Revenue Budget	15,704	15,575	17,678	18,000
Total Funding	(16,342)	(13,986)	(12,797)	(11,718)
Budget Gap/(Surplus)	(638)	1,589	4,880	6,282

An important part of the strategy for financial sustainability will be to continue to deliver efficiencies and savings over the coming years. The Corporate Strategy and services must be delivered within the overall resource envelope available to the Council thereby reducing reliance on earmarked reserves to support the budget.

Retained Business Rates

Forecasting business rates income is complex with the impact of additional reliefs announced in the Autumn Statement and the implementation of a shorter 3-year revaluation periods contributing to the level of uncertainty around forecasts for the medium-term.

Business rates are collected by the Council, and the proceeds are shared between Cotswold District Council, Gloucestershire County Council and the Government. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of retained business rates to be £5.117m in 2025/26. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation, and reliefs. The draft forecast for business rates included in the MTFS, although broadly similar to last year, has seen significant changes in terms of rateable values and reliefs.

Each year the Council forecasts whether its collection of Business Rates will be higher than anticipated, resulting in a "surplus" on the Collection Fund, or lower than anticipated, resulting in a "deficit" on the Collection Fund. Where this Council forecasts a surplus on the Collection Fund, the surplus is paid out in the following financial year to the County Council (10%), Government (50%) and the District Council (40%). Similarly, where the Council forecasts a deficit, the deficit is recovered in the same proportions in the following financial year. The draft position on the Collection Fund is a deficit of £2.03m of which £0.809m is Cotswold's share. In order to mitigate the impact this would have on the 2025/26 revenue budget (the deficit would reduce the level of funding), an equal amount will be transferred from the Business Rates risk reserve and Section 31 grant reserve.

This year's accounts include a transfer of £2.078m S31 grant, business rate surplus and business rate pool surplus to earmarked reserves to fund future Collection Fund deficits payable.

The table below sets out the forecast for 2025/26.

Business Rates Forecast	2024/25
	£000s
Non-Domestic rating income (NNDR 1 estimate)	14,754
Less: Tariff Payment to Government	(13,444)
Less Estimated Levy Payment to Government	(1,628)
Add Renewable Energy Scheme	268
Estimated Retained Business Rates	(50)
Section 31 Grant Payable	5167
TOTAL Funding from Business Rates	5,117
Assumed BRR Included in MTFS	5,117

Gloucestershire Business Rates Pool

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

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

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

Council Tax

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

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MHCLG proposed a maximum Council Tax increase of 2.99% or £5 for 2025/26. The MTFS assumes increases of £5 per annum on a Band D property to 2028/29.

Financial Assumptions

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

- Pay inflation of 3% (Publica) and 3% (Ubico plus a further 1% held by CDC as a contingency)
- Price inflation on major contracts (Publica and Ubico) utilities and IT cost (in line with the approach set out in the Budget Strategy) of 3%. Additional inflationary provision has been made in the budget and across the MTFS period recognising energy price rises.
- An increase of £0.266m has been reflected in fees and charges that have been subject to review or increased in-line with the September 2024 CPI inflation rate of 1.7%.
- 55% reduction in the level of retained business rates income from 2025/26.
- Reduction in central government funding over the medium term.
- Growth in Council Tax base of 3.74% per annum (Excluding the impact of Second Home premiums the increase is 1.83)
- Income pressures: Waste and Recycling material sales, Car Park penalty charges.
- The MTFS has been prepared against the emerging position regarding the Publica Review. The net cost of phase one for a full year was estimated at £0.481m with phase two forecast to cost £0.300m. The broad assumptions for the purposes of the 2025/26 budget and over the medium term is that service costs remain within the financial envelope set out over the MTFS period.

Savings

The level of savings set out in the MTFS does not meet the budget gap identified. The Financial Resilience Reserve is being used to balance the budget in the short-term and will be depleted during 2027/2028.

Local Government Reorganisation (LGR) in the English Devolution white paper, and the proposals for Local Government Finance reform will exert significant pressure over the prospects for the Council finances over the MTFS period.

To ensure the Council is able to set a balanced budget for the 2025/26 financial year, savings have been included where proposals are robust and can be

delivered. The table below provides a summary of the savings included in the MTFS.

Savings	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)
Corporate Savings and Income	(221)	(746)	(746)	(746)
Expenditure Savings	(327)	(327)	(327)	(327)
Fees and Charges	(281)	(508)	(720)	(934)
Subtotal	(829)	(1,581)	(1,793)	(2,007)

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

Capital Investment and Borrowing

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

Capital Programme	2025/26	2026/26	2027/28	2028/29
	£000s	£000s	£000s	£000s
Leisure & Communities	0	500	0	0
Housing/Planning and Strategic Housing	1,718	1,839	2,231	1,775
Environment	1,132	5,255	1,826	205
ICT, Change and Customer Services	350	150	150	150
UK Shared Prosperity Fund Projects	327	0	0	0
Land, Legal and Property	500	0	0	0
Total	4,027	7,744	4,208	2,130

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

The Council has developed an Asset Management Strategy supported by Carter Jonas during 2024/25. This was presented to Cabinet in May 2024 and is being further developed to include detailed asset

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management plans and Minimum Efficiency Standards (MES) consideration for the Land Building assets it holds. The emerging strategy provides a longer-term view of the income and expenditure and profiles, tenant events, hold and disposal options. The strategy will help to ensure that the Council's capital assets are maintained, developed and continue to contribute effectively to the delivery of the Council services to support the local economy or provide income in line with expectations. Where there are opportunities to use assets more effectively to deliver Council Priorities, business cases will be presented to Council or Cabinet for approval.

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

If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval. However, with the current relative high cost of borrowing the business case for new projects will need to be robust, include adequate headroom to cover capital financing costs, and be subject to additional challenge from officers prior to member consideration.

The full update to the Medium-Term Financial Strategy can be found on the Council's website.

Financial Performance

At the 31 March 2025, the Council reported an underspend of £0.262m against budgeted surplus of £0.516m. This has resulted an additional £0.262m being transferred to the 'Transformation and Change' reserve to support future transformation work. .

The improved position is due predominantly to better than forecast investment income due to continued higher interest rates and investment balances than expected (income surplus of £0.388m) and underspend in respect of Publica contract of £0.277m (net of savings target). As well as vacancy savings (net of agency spend) of £0.227m.

Overspends were reported in respect of Elections costs, Planning Staff Agency costs, postage and printing and recruitment, whilst income was underachieved within parking fines and permits, Building Control, Cemeteries Land Charges, public conveniences and from commercial property.

Further details of the outturn position and variances against budget for the 2024/25 financial year is

reported in the Financial Performance Report reviewed by Cabinet on the 10th July 2025.

Pensions Liability

The net pension liability as of 31 March 2025 was £13.121m (£12.023m as of 31 March 2024). Whilst a significant sum, this is the net value of what is estimated the Council owes across all future years offset against assets invested in the Local Government Pension Scheme.

Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation. The Asset Ceiling calculation resulted in a lower valuation with a net liability of £13.121m being included within the balance sheet for 2024/25.

Prior to the Asset Ceiling adjustment the Council's share of pension fund assets had increased by £2.985m and the liability reduced by £13.642m, resulting in the overall net liability reducing by £16.627m.

The decrease in the value of the pension liability was due to changes in financial assumptions made by the actuary

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

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

Capital Programme (Asset Management)

In 2024/25 the Council spent £7.122m against a revised budget of £7.550m on:

Capital Programme	£'000
Investment in Leisure Centre	1,431
Crowdfund Cotswold	20
Private Sector Housing Renewal Grants (DFG)	1,811
Affordable Housing Stockwells, MiM (S106)	291
Cottsway Housing Association Loan	414
Ubico Fleet Replacement (recycling and waste vehicles)	1,150
Waste and Recycling Containers	57
Electric vehicle charging points	79
Changing Places Toilets	53
UK Shared Prosperity Fund Projects	216
UK Rural Prosperity Fund Projects	752
ICT Capital	138
Asset Management Strategy	242

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Trinity Road Carbon Efficiency Works	244
Trinity Road Roof Work	13
Trinity Road Agile Working	211
TOTAL	7,122

Significant expenditure included investment in Cirencester Leisure Centre of £1.431m. Other capital expenditure includes the purchase of waste and recycling vehicles of £1.150m and private sector housing renewal grants (DFG) awarded totalling £1.811m.

Not all schemes planned for the year were undertaken including:

- Spa Pool, Bourton Leisure Centre – budget of £0.034m. Works delayed to 2025/26.
- Cotswold Crowdfund capital budget of £0.030m
- Disabled Facility Housing Adaption budget of £0.127m
- A balance of £0.172m Trinity Road Carbon Efficiency Works and Agile Project remained unspent at 31 March 2025, this will be carried forward to the 2025/26 Asset Management Strategy Budget.
- Ubico vehicle replacement allocation of £0.019m was not spent during 2024/25.

There is total committed expenditure in relation to the projects listed of £0.565m and Capital Programme budgets have been carried forward into 2025/26 to fund ongoing projects.

Capital Receipts

All capital receipts are transferred to the Capital Receipts Reserve to fund future capital expenditure. During 2024/25 this includes payments made to the Council from Ubico for the lease of waste and recycling vehicles (£0.750m) and capital loan repayments from Cottsway Housing Association (£0.241m).

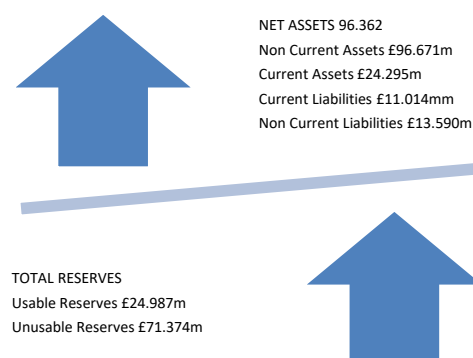
Reserves and Balances

At the year-end usable reserves stood at £24.987 million, an increase of £2.839 million during the year.

Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' were maintained at £1.760 million. Earmarked Reserves increased by £2.482m. Movements in 2024/25 include £0.516m budgeted transfer of surplus to the 'Financial Resilience Reserve' and £0.262m of unbudgeted additional surplus to the 'Transformation and Change'

reserve to provide funding to support the Council's Savings and Transformation programme.

The Business Rate Smoothing reserve includes S31 grant provided by the government to compensate for lost business rate income due to discounts and reliefs awarded to businesses during the year, £2.078m million of unused grant and surplus NNDR income has been transferred to the Business Rate Risk reserve to fund future Collection Fund deficits.



- £1.819m increase in Property Plant and Equipment
- £1.005m increase in non-current debtors
- £1.508m decrease in current investments
- £1.488m increase in debtors
- £3.764m decrease in cash and cash equivalent
- £1.098m increase in pension liability
- £2.924m increase in earmarked reserves
- £2.388m decrease in capital receipts reserve
- £2.302m increase in capital grants/contributions unapplied.

Operational Performance and Efficiency

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

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

- Council Tax Support change events took an average of 3 days to process against a target of 5.
- 0.31% of Housing Benefit overpayment were due to LA error/admin delay (0.35% target).
- 98% Customer satisfaction for telephone (90% target)
- 100% satisfaction for face to face customer satisfaction (90% target)
- 94% of major, 90% of minor and 87% of other planning applications were determined within agreed timescales (including extension of time agreements).

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- 21% of planning appeals were allowed (target of 30%)
- Planning income was above target
- 92% of official land charges searches were completed within 10 days (90% target)
- 100% of high-risk food premises notifications were risk assessed within target timescales (95% target)
- Gym memberships are above target at 4,441 (4,000 target).
- 539,319 visits to the leisure centres (493,500 target)
- 348kg of residual household waste per household (383g target).

Ten indicators fell short of their annual targets; four within Revenues and Benefits; two Development Management indicators, one Customer Experience indicator and three Waste and Environment indicators.

Revenues, Benefits and Housing

- 97.45% NNDR collection rate (99% target).
- 98.18% Council Tax collection rate (narrowly missed 99% target).
- Took on average 23 days to process Council Tax Support new claims (20 day target).
- Took on average 5 days to process Housing Benefit change events (4 day target).

Development Management

- 56 Affordable homes delivered (100 target).
- Total income from Planning Pre-Application advice of £0.122 (£0.142m target).

Customer Experience

- 88% of Freedom of Information (FOI) requests answered within 20 days (90% target)

Waste and Environment

- 87% of high-risk food premises assessed within target timescales (95% target).
- 57% of household waste recycled (60% target).
- Missed bins per 1,000 were above target at 170 (80 target).

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

Risk Management

The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately

The Strategic risk register is reviewed regularly by the Local Leadership Team and reported to the Audit and Governance Committee. A detailed review was undertaken in 2024/25 to ensure the Risk Register

reflected the strategic risks for the council. A revised Risk & Opportunities Strategy was presented to Audit and Governance Committee in May 2025.

Projects and services maintain their own risk registers and elevate any high/red risks to the Local Leadership Team and Publica as appropriate for consideration. Risk is reviewed by the councils senior leadership team.

The Corporate Risk Register was updated during 2024/25 and reviewed by the Senior Management Team, which comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a significant risk in terms of its impact and likelihood.

The Corporate Risk Register, as reviewed by the Audit and Governance Committee in 2024/25 included no primary 'residual' risks after mitigating factors had been taken into consideration.

Facing the Challenges Ahead

The Council has approved an ambitious Corporate Strategy for delivery to 2028 and has developed a Medium-Term Financial Strategy that sets out the financial envelope for the delivery of that plan.

The level of uncertainty across the sector makes it more difficult to plan for the medium term. The white paper published in December 2024 proposes fundamental changes to the way local government is organised in two-tier areas. Councils in Gloucestershire are currently developing three options which will be submitted to Government by 28th November 2024. This includes a single unitary, and two different options which would result in two unitary authorities within the County. Changes could take place as early as April 2028 with shadow authorities potentially in place a year before.

Whilst LGR presents a once in a generation opportunity to shape and strengthen the future of public services, it also presents a major challenge in the years ahead. Not only in terms of work involved in developing options but also in delivering the Council's key priorities over the next three years.

Local Government Finance reforms, originally due to be implemented from April 2020, are now planned from April 2026. The Government launched a consultation on "Local authority funding reform: objectives and principles" in December 2024. This sets out the government's proposed approach and should be viewed in the context of the white paper on devolution. The second consultation on local government funding reforms, 'Fair Funding Review 2.0' closes on 15th August 2025 and includes the 'resetting' of the business rates retention system. The reforms will have a significant impact on the level of

NARRATIVE REPORT

funding the Council receives from the Government (circa £3m). It is likely that resources (funding) will be directed towards high-need/low taxbase authorities from low need/high taxbase authorities.

Furthermore, the resetting of the Business Rates Retention System, cessation of New Homes Bonus, and the interaction with the Devolution white paper would suggest that Shire District Councils such as Cotswold are likely to see significant reductions in their funding and has formed the basis of funding assumptions in the MTFS for several years. The proposed changes will be implemented over three years from 2026/27 to 2028/29.

Risks remain around the continued impact on the Council from pressures within the wider economy including cost-of-living crisis and the general economic position. This will have an impact on income and expenditure budgets during 2025/26 and will require timely and accurate financial reporting to Cabinet. Risks include:

- Income from Council Tax and Business Rates will continue to be under pressure in 2025/26 with an expectation that the taxbase for Council Tax and Business Rates may take time to recover.
- Increased demand for certain services (e.g. Homelessness) may put additional pressures on the Council.
- Cost of services where the Council is exposed to risk sharing in contract costs.
- Energy cost pressure.

The requirement to reduce costs and balance the budget in later years of the MTFS are substantial.

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

The CTWG will need to further develop the approach to the Council's Savings AND Transformation Programme to address the budget gap identified over the MTFS period. This will need to include consideration of a service design framework to ensure service costs are contained within the financial envelope set out in the MTFS

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

Further information

For further information on the accounts please contact: David Stanley, Chief Finance Officer, Cotswold District Council, Trinity Road, Cirencester,

Gloucestershire, GL7 1PX; or via email at David.Stanley@cotswold.gov.uk.

David Stanley, CPFA
Chief Finance Officer and Deputy Chief Executive

NARRATIVE REPORT

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2025. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into “usable”, which can be invested in service improvements or capital investment or reduce local taxation, and “unusable” which must be set aside for specific purposes. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movement in Reserves Statement Line ‘Adjustments between accounting basis and funding basis under the regulations’.

The statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movements in the year following those adjustments.

The **Balance Sheet** is a ‘snapshot’ of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2025.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long term liabilities).

The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money.

Business Rates is distributed to Central Government, Gloucestershire County Council and Cotswold District Council. Council Tax is distributed between Gloucestershire County Council, the Police & Crime Commissioner for Gloucestershire, Cotswold District Council and the Town & Parish Councils within the Cotswold district.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Finance Officer's responsibility

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2025.

Date: 12/2/26

David Stanley
Chief Finance Officer

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Vice Chair of the Audit and Governance Committee, on behalf of Cotswold District Council.

Date: 10/02/26

Cllr. Helene Mansilla
Vice Chair of the Audit and Governance Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

2023/24				Note	2024/25		
Gross Expenditure £	Gross Income £	Net Expenditure £			Gross Expenditure £	Gross Income £	Net Expenditure £
1,111,354	(526,625)	584,729	<u>Shared Services</u>		1,229,002	(563,247)	665,755
1,870,071	(717,397)	1,152,674	Environmental and Regulatory Services		1,876,844	(554,421)	1,322,423
2,361,523	(155,528)	2,205,995	Business Support Services		2,536,908	(181,577)	2,355,331
1,421,739	(642,437)	779,302	ICT, Change and Customer Services		1,284,834	(569,955)	714,879
130,645	0	130,645	Assets Property and Regeneration		138,238	0	138,238
15,818,965	(15,147,455)	671,510	Publia Executive and Modernisation		16,328,739	(15,618,071)	710,668
			Revenues and Housing Support Services				
			<u>Strategic Directors</u>				
1,508,358	(136,438)	1,371,920	Democratic Services		2,103,134	(829,753)	1,273,381
11,176,902	(6,094,120)	5,082,782	Environmental Services		11,530,664	(6,849,127)	4,681,537
3,209,035	(1,111,291)	2,097,744	Leisure and Communities Services		4,375,134	(2,146,031)	2,229,103
4,693,989	(2,465,324)	2,228,665	Planning and Strategic Housing Services		4,333,334	(3,252,550)	1,080,784
2,483,077	(1,407,790)	1,075,287	Retained and Corporate Council Services		2,499,173	(1,411,034)	1,088,139
45,785,658	(28,404,405)	17,381,253	Cost of Services		48,236,004	(31,975,766)	16,260,238
4,061,250	(227,076)	3,834,174	Other Operating Expenditure	B3	4,625,628	0	4,625,628
1,394,365	(2,482,213)	(1,087,848)	Financing and Investment Income and Expenditure	B4	1,603,877	(2,477,601)	(873,724)
0	(19,797,604)	(19,797,604)	Taxation and Non-Specific Grant Income	B5	0	(23,165,169)	(23,165,169)
51,241,273	(50,911,298)	329,975	(Surplus) / Deficit on Provision of Services	B1/B2	54,465,509	(57,618,536)	(3,153,027)
		(14,575,131)	(Surplus) / deficit on revaluation of non current assets				(1,911,661)
		47,100	(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				262,900
		6,029,000	Remeasurement of the net defined benefit liability				1,975,000
		0	Other movements				(53,142)
		(8,499,031)	Other Comprehensive Income and Expenditure				273,097
		(8,169,056)	Total Comprehensive Income and Expenditure				(2,879,930)

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement

	Note	Usable Reserves					Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £		
Balance at 31 March 2023		(1,760,936)	(8,991,453)	(8,821,149)	(3,596,015)	(23,169,553)	(62,113,597)	(85,283,150)
Movements in reserves 2023/24		(165,181)	165,180	0	0	(1)	0	(1)
Transfer from General Fund		(597,936)	597,936	0	0	0	0	0
Total Comprehensive income and expenditure		329,846	0	0	0	329,846	(8,499,031)	(8,169,185)
Adjustments between accounting basis & funding basis under regulations	C1	434,207	0	1,723,158	(1,466,491)	690,874	(720,175)	(29,301)
(Increase) / Decrease in Reserves 2023/24		936	763,116	1,723,158	(1,466,491)	1,020,719	(9,219,206)	(8,198,487)
Balance at 31 March 2024		(1,760,000)	(8,228,337)	(7,097,991)	(5,062,506)	(22,148,834)	(71,332,803)	(93,481,636)
Movements in reserves 2024/25		2,146,084	(2,146,084)	0	0	0	0	0
Transfer from General Fund		778,064	(778,064)	0	0	0	0	0
Total Comprehensive income and expenditure		(3,153,027)	0	0	0	(3,153,027)	273,097	(2,879,930)
Adjustments between accounting basis & funding basis under regulations	C1	228,468	0	2,388,414	(2,302,155)	314,727	(314,727)	0
(Increase) / Decrease in Reserves 2024/25		(411)	(2,924,148)	2,388,414	(2,302,155)	(2,838,301)	(41,630)	(2,879,930)
Balance at 31 March 2025		(1,760,411)	(11,152,485)	(4,709,576)	(7,364,662)	(24,987,134)	(71,374,432)	(96,361,567)
		C2						

BALANCE SHEET

Balance Sheet

31 March 2024 £		Note	31 March 2025 £
74,401,391	Property, Plant & Equipment	D1	76,220,288
17,000	Heritage Assets		17,000
4,875,000	Investment Property	D2	4,205,000
14,582	Intangible Assets	D3	9,320
10,398,824	Non-Current Investments	E2	10,264,350
4,949,807	Non-Current Debtors	D4	5,954,607
94,656,603	Non-Current Assets		96,670,564
2,374,223	Investments	E2	3,881,878
0	Assets Held for Sale	D9	584,650
21,272	Inventories		19,175
9,402,804	Debtors	D5	10,890,881
12,682,980	Cash and Cash Equivalents	E2	8,918,700
24,481,279	Current Assets		24,295,284
(97,662)	Borrowing	E2	(102,006)
(8,065,139)	Creditors	D6	(7,373,824)
(2,735,147)	Creditors - s.106 balances	D6	(2,265,386)
(1,020,756)	Capital Grants Receipts in Advance	B8	(190,562)
(1,241,715)	Provisions	D7	(1,082,351)
(13,160,419)	Current Liabilities		(11,014,129)
(12,023,000)	Pension Liability	E1	(13,121,000)
(118,257)	Non-Current Creditors		(216,590)
(94,976)	Capital Grants Receipts in Advance	B8	(94,976)
(259,593)	Borrowing	E2	(157,587)
(12,495,826)	Non-Current Liabilities		(13,590,153)
93,481,637	Net Assets		96,361,566
(22,148,834)	Usable Reserves	C2	(24,987,134)
(71,332,803)	Unusable Reserves	C3	(71,374,432)
(93,481,637)	Total Reserves		(96,361,566)

The unaudited accounts were issued on the 18 July 2025 and the audited accounts were authorised for issue on the 12 February 2026.

David Stanley
Chief Finance Officer

CASH FLOW STATEMENT

Cash Flow Statement

	Note	2023/24 £	2024/25 £
Net surplus or (deficit) on provision of services		(329,975)	3,153,027
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	F1	(453,379)	(849,812)
Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	F2	(3,555,136)	(6,857,694)
Net cash flows from Operating Activities		(4,338,490)	(4,554,478)
Investing Activities	F3	4,921,374	887,860
Financing Activities	F4	(109,270)	(97,662)
Net increase or (decrease) in cash and cash equivalents		473,614	(3,764,280)
Cash and cash equivalents at 1 April		12,209,366	12,682,980
Cash and cash equivalents at 31 March		12,682,980	8,918,700
Comprising:			
Cash and bank current accounts		544,662	672,147
Money Market Funds		9,039,329	8,192,605
Short Term Deposits (Call Accounts)		3,098,989	53,948
		12,682,980	8,918,700

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Notes to the Comprehensive Income and Expenditure Statement

B1. Expenditure and Funding Analysis

	2024/25					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
<u>Shared Services</u>						
Environmental and Regulatory Services	665,755	(25,394)	0	640,361	12,639	653,000
Business Support Services	1,322,423	(30,115)	0	1,292,308	7,692	1,300,000
ICT, Change and Customer Services	2,355,331	(47,037)	0	2,308,294	19,706	2,328,000
Assets Property and Regeneration	714,879	(136,906)	0	577,973	128,027	706,000
Publica Executive and Modernisation	138,238	(2,650)	0	135,588	(13,588)	122,000
Revenues and Housing Support Services	710,668	(70,223)	0	640,445	5,556	646,001
<u>Strategic Directors</u>						
Democratic Services	1,273,381	(55,239)	0	1,218,142	26,858	1,245,000
Environmental Services	4,681,537	(640,011)	0	4,041,526	634,474	4,676,000
Leisure and Communities Services	2,229,103	(894,184)	0	1,334,919	884,081	2,219,000
Planning and Strategic Housing Services	1,080,784	(48,814)	0	1,031,970	21,030	1,053,000
Retained and Corporate Council Services	1,088,139	1,387,471	0	2,475,610	579,390	3,055,000
Cost of Services	16,260,238	(563,103)	0	15,697,135	2,305,865	18,003,000
Other Income and Expenditure	(19,413,265)	791,571	2,146,084	(16,475,610)	(2,305,390)	(18,781,000)
(Surplus) / Deficit on Provision of Services	(3,153,027)	228,468	2,146,084	(778,475)	475	(778,000)
Surplus reported to Management						(778,000)
Opening General Fund Balance (Unallocated) at 1 April				(1,760,000)		
(Surplus) / Deficit for the year				(778,475)		
Transfer to Financial Resilience Reserve and Transformation Reserve				778,064		
Closing General Fund Balance (Unallocated) at 31 March				(1,760,411)		

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2023/24					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
<u>Shared Service</u>						
Environmental and Regulatory Services	584,729	(36,073)	0	548,656	16,778	565,434
GO Shared Services	1,152,674	(39,183)	0	1,113,491	8,953	1,122,444
ICT, Change and Customer Services	2,205,995	(50,827)	0	2,155,168	19,043	2,174,211
Assets Property and Regeneration	779,302	(125,597)	0	653,705	115,195	768,900
Publica Executive and Modernisation	130,645	(3,169)	0	127,476	840	128,316
Revenues and Housing Support Services	671,510	(365,424)	0	306,086	253,397	559,483
Strategic Directors						
<u>Democratic Services</u>	1,371,920	(62,816)	0	1,309,104	39,895	1,348,999
Environmental Services	5,082,782	(564,545)	0	4,518,237	550,650	5,068,887
Leisure and Communities Services	2,097,744	(954,002)	0	1,143,742	941,888	2,085,630
Planning and Strategic Housing Services	2,228,665	(78,027)	0	2,150,638	(70,414)	2,080,224
Retained and Corporate Council Services	1,075,287	1,699,793	0	2,775,080	(117,643)	2,657,437
Cost of Services	17,381,253	(579,870)	0	16,801,383	1,758,582	18,559,965
Other Income and Expenditure	(17,051,278)	1,014,076	(165,181)	(16,202,383)	(1,747,581)	(17,949,964)
(Surplus) / Deficit on Provision of Services	329,975	434,206	(165,181)	599,000	11,001	610,001
Budgeted transfer from General Fund - Contribution to Glos LGPS						
Surplus reported to Management						610,001
Opening General Fund Balance (Unallocated) at 1 April				(1,760,000)		
(Surplus) / Deficit for the year				599,000		
Transfer to Financial Resilience Reserve				(599,000)		
Closing General Fund Balance (Unallocated) at 31 March				(1,760,000)		

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Adjustments in the Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded compared with the resources consumed or earned by the Council in accordance with generally accepted accounting practices as shown in the Comprehensive Income and Expenditure Account. It also shows how these amounts are allocated for decision making purposes across the Council's Directorates and Services. The adjustments between these amounts are detailed below:

	2024/25						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs	Pension Adjs	Other Adjs	Total adjs between funding and accounting	Depreciation & Amortisation	Other Segment Adjs.	Total Management Reporting Adjustments
	£	£	£	£	£	£	£
<u>Shared Service</u>							
Environmental and Regulatory Services	10,861	11,553	2,980	25,394	10,861	1,778	12,639
Business Support Services	5,890	19,750	4,475	30,115	5,890	1,802	7,692
ICT, Change and Customer Services	19,793	27,244	0	47,037	19,793	(87)	19,706
Assets, Property and Regeneration	127,940	8,966	0	136,906	127,940	87	128,027
Publica Executive and Modernisation	553	2,097	0	2,650	553	(14,141)	(13,588)
Revenues and Housing Support Services	51,499	18,724	0	70,223	44,959	(39,403)	5,556
							0
<u>Strategic Directors</u>							0
Democratic Services	26,529	22,800	5,909	55,239	26,529	329	26,858
Environmental Services	636,617	2,463	931	640,011	636,617	(2,143)	634,474
Leisure and Communities Services	893,810	(10,039)	10,413	894,184	883,810	271	884,081
Planning and Strategic Housing Services	20,928	7,033	20,852	48,814	20,928	102	21,030
Retained and Corporate Council Services	126,889	(1,531,174)	16,814	(1,387,471)	2,925	576,465	579,390
Cost of Services	1,921,310	(1,420,582)	62,375	563,103	1,780,805	525,060	2,305,865
Other Income and Expenditure	(1,893,676)	544,000	558,105	(791,571)	(1,780,805)	(524,585)	(2,305,390)
(Surplus) / Deficit on Provision of Services	27,634	(876,582)	620,480	(228,468)	0	475	475

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2023/24						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs	Pension Adjs	Other Adjs	Total adjs between funding and accounting	Depreciation & Amortisation	Other Segment Adjs.	Total Management Reporting Adjustments
	£	£	£	£	£	£	£
<u>Joint Committee</u>							
Environmental and Regulatory Services	16,778	19,295	0	36,073	16,778	0	16,778
GO Shared Services	8,953	30,230	0	39,183	8,953	0	8,953
ICT, Change and Customer Services	19,043	31,784	0	50,827	19,043	0	19,043
Land, Legal and Property Services	115,195	10,401	0	125,597	115,195	0	115,195
Chief Executive and Modernisation Costs	840	2,329	0	3,169	840	0	840
Revenues and Housing Support Services	348,240	17,184	0	365,424	34,095	219,302	253,397
<u>Strategic Directors</u>							
Democratic Services	39,895	22,922	0	62,816	39,895	0	39,895
Environmental Services	553,650	10,895	0	564,545	550,650	0	550,650
Leisure and Communities Services	944,245	9,757	0	954,002	941,888	0	941,888
Planning and Strategic Housing Services	29,585	48,442	0	78,027	29,586	(100,000)	(70,414)
Retained and Corporate Council Services	4,446	(1,704,239)	0	(1,699,793)	4,446	(122,089)	(117,643)
Retained and Corporate Council Services - Covid	0	0	0	0	0	0	0
Cost of Services	2,080,870	(1,501,000)	0	579,870	1,761,369	(2,787)	1,758,582
Other Income and Expenditure	(1,297,607)	307,000	(23,469)	(1,014,076)	(1,761,369)	2,787	(1,758,582)
(Surplus) / Deficit on Provision of Services	783,263	(1,194,000)	(23,469)	(434,206)	0	0	0

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Capital Adjustments

This column adjusts for depreciation and impairment, revaluations gains and losses in service lines and for transfers of income / net value of assets written off on disposals in Other Operating Income and Expenditure. Taxation and Non Specific Grant Income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Pension Adjustments

This column removes the impact of IAS19 Employee Benefits. For services, this is the removal of current or past service costs and replaces them with the actual employer pension contributions payable. In Financing and Investment Income and Expenditure, the net interest on the net defined benefit liability is removed.

Other Adjustments

This adjustment represents the difference between the amounts chargeable under statutory regulations for Council Tax and Non Domestic Rates and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

B2. Expenditure and Income Analysed by Nature

	2023/24 £	2024/25 £
Expenditure		
Employee benefits expenses	1,547,435	4,286,599
Publica Contract Charge	10,726,252	9,184,054
Housing Benefit & other transfer payments	12,465,118	12,520,154
Other service expenses	16,529,313	16,707,739
Depreciation, amortisation and impairment	2,092,103	1,803,640
Interest payments and similar expense	644,608	417,843
Precepts and Levies	4,061,250	4,625,628
Other expenditure	3,175,195	4,919,758
Total Expenditure	51,241,274	54,465,415
Income		
Fees, charges & other service income	(10,404,920)	(12,392,614)
Housing Benefit Subsidy	(11,878,711)	(12,122,735)
Other Government Grants	(10,434,812)	(14,065,003)
Income from Council Tax	(10,446,672)	(11,318,060)
Income from Non Domestic Rates	1,160,543	1,158,775
Non Government Grants & Contributions	(6,206,138)	(6,118,901)
Investment interest and similar income	(2,404,235)	(1,704,465)
Other income	(296,353)	(1,055,439)
Total Income	(50,911,298)	(57,618,442)
(Surplus) / Deficit on Provision of Services	329,976	(3,153,027)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B3. Other Operating Income & Expenditure

	2023/24 £	2024/25 £
Gains on disposal of non current assets	0	0
Unattached capital receipts	(222,136)	0
Town and Parish Council precepts	4,061,250	4,625,628
Other receipts	(4,940)	0
	3,834,174	4,625,628

B4. Financing and Investment Income and Expenditure

	2023/24 £	2024/25 £
Interest payable and similar charges	12,755	8,100
Interest receivable and similar income	(1,773,632)	(1,686,188)
Changes in fair value of financial assets	(71,223)	(187,649)
Movement in impairment allowance for doubtful debts	314,853	67,167
Movement in the fair value of investment property	502,000	670,000
Net investment property (income) / expenditure	(382,172)	(259,187)
Net income from other properties (income)/expenditure	2,571	(29,967)
Net interest on the net defined benefit pension liability	307,000	544,000
	(1,087,848)	(873,724)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B5. Taxation and Non Specific Grant Income

	2023/24 £	2024/25 £
National Non Domestic Rates		
- Redistribution	(237,870)	(163,034)
-Renewable Energy	(111,297)	(267,468)
-Business Rate Levy	1,433,138	1,494,500
Surplus from the Pool	(440,690)	(479,614)
- (Surplus) / Deficit	517,262	519,066
	1,160,543	1,103,450
Council Tax income	(10,446,672)	(11,318,060)
Non-ringfenced government grants	(10,511,474)	(12,950,559)
	(19,797,603)	(23,165,169)

B6. Members' Allowances

	2023/24 £	2024/25 £
Allowances	319,568	329,615
Expenses	4,470	3,964
	324,038	333,579

B7. External Audit Costs

The Council's appointed auditor from 2024/25 is Bishop Fleming LLP, the Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

Additional audit fees in respect of both the 2023/24 and 2024/25 certification of the housing benefit subsidy return payable to KPMG LLP are also disclosed below.

	2023/24 £	2024/25 £
Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year:		
Scale Fee	136,941	151,327
Increases to Scale Fee 2023/24		14,495
Fees payable to external auditor for the certification of grants claims and returns for the year	48,881	34,000
Additional fees payable relation to 2022/23 certification of grants	14,487	
	200,309	199,822

Most disclosures within the Statement of Accounts give additional details about the amounts receivable and payable included in the core statements. The amounts for External Audit Costs are disclosed in accordance with annually agreed audit fee schedules.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B8. Grant Income

The following significant grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the year.

	2023/24 £	2024/25 £
<u>Revenue grants credited to Cost of Services</u>		
Housing Benefit Subsidy	(11,742,134)	(11,674,954)
Housing Benefit and Council Tax Administration Subsidy	(159,304)	(156,052)
Discretionary Housing Benefit	(71,000)	(71,242)
Other Housing Benefit	(42,225)	(37,871)
Homeless Prevention	(300,922)	(308,606)
Rough Sleeping	0	(4,385)
NNDR Cost of Collection Allowance	(194,453)	(196,273)
Local Plans Fund	0	(227,963)
Energy Support Scheme Alternative Funding and Alternative Fuel Scheme - New Burdens	(35,600)	0
UK shared Prosperity Fund	(182,525)	(437,017)
Biodiversity Net Gain	(53,614)	(26,807)
General Election	0	(541,298)
PCC Elections	(32,313)	(216,408)
Domestic Abuse New Burdens	(35,565)	(36,328)
Business Rates New Burdens	0	(10,207)
Planning Skills Delivery	0	(99,600)
Strengthening Local Communities	(116,000)	(67,528)
Redmond Audit Grant	(19,079)	19,206
Electoral Integrity New Burdens	(56,065)	(18,970)
Flytipping Grant	0	(38,329)
Digital Planning Improvement Grant	0	(50,000)
Neighbourhood Planning Grant	(40,000)	(20,000)
Local Council Tax Support - New Burdens	(9,932)	0
LGA - Local Partnership Funding	(5,000)	0
Pavement Licensing - New Burdens	(3,015)	0
Local Net Zero Fund	0	(5,875)
Storm Henk	0	(2,500)
LG Cyber- Get Cyber Assessment Framework Ready	0	(15,000)
	(13,098,746)	(14,244,006)
<u>Grants credited to Taxation and Non Specific Grant Income</u>		
Revenue Support Grant	(134,648)	(143,568)
New Homes Bonus	(290,188)	(287,485)
Section 31 NNDR Compensation	(5,716,789)	(6,873,925)
Rural Services Delivery Grant	(706,558)	(818,120)
Services Grant	(75,967)	(13,114)
Funding Guarantee	(1,988,274)	(2,230,732)
Other revenue grants	(8,103)	(8,103)
CIL income (Capital infrastructure)	(1,353,483)	(2,306,541)
Swimming Pool Fund	0	(160,970)
UK Shared Prosperity Fund	0	(83,606)
Other capital grants	(237,464)	(24,395)
	(10,511,474)	(12,950,559)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

<u>Capital grants credited to Cost of Services in the Comprehensive Income and Expenditure Statement</u>	2023/24	2024/25
	£	£
Better Care Fund (Disabled Facilities Grants)	(1,344,331)	(1,811,091)
S.106 Receipts	(290,250)	(290,250)
Changing Places	(70,000)	(52,500)
UK Shared Prosperity Fund	(25,130)	(226,393)
Rural England Prosperity Fund	(11,985)	(752,307)
	(1,741,696)	(3,132,541)

B8.a Non Current - Capital Grants Receipts in Advance

The Authority has received a number of grants and contributions and donations that have yet to be recognised as income, as they have conditions attached to them that will require the grant to be returned, should the conditions not be fulfilled. The balances at 31st March are as follows:

	2023/24	2024/25
	£	£
Better Care Fund (Disabled Facilities Grants)	(94,976)	(94,976)
	(94,976)	(94,976)

B8.b Current - Capital Grants Receipts in Advance

	2023/24	2024/25
	£	£
Local Authority Housing Fund	(615,170)	0
Rural England Prosperity Grant	(179,088)	0
EVCP ORCS Grant	(143,700)	(143,700)
EVCP DfT Grant	(15,387)	0
Changing Places Toilets	(52,501)	0
Public Sector Decarbonisation Scheme	(14,457)	(14,457)
Better Care Fund (Disabled Facilities Grants)	0	(31,951)
Other	(453)	(454)
	(1,020,756)	(190,562)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B9. Officer Remuneration

Senior Officer Remuneration

The Council's senior employees are those with statutory responsibility:

2024/25					
Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
Chief Executive ¹	112,979	25,013	0	0	137,993
Deputy Chief Executive and Chief Finance Officer ²	93,913	19,440	0	0	113,353
Director of Governance and Development (Monitoring Officer) ³	93,913	19,440	0	0	113,353
	300,805	63,893	0	0	364,698
2023/24					
Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
Chief Executive ¹	112,298	25,798	0	0	138,096
Deputy Chief Executive and Chief Finance Officer ¹	91,622	18,966	0	0	110,588
Deputy Chief Executive and Chief Finance Officer ²					
Director of Governance and Development (Monitoring Officer) ³	91,622	18,966	0	0	110,588
	295,542	63,730	0	0	359,272

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The total cost of Publica's Directors is disclosed in the Publica financial statements, which includes disclosures in respect of the highest paid Director.

¹ Remuneration excludes Returning Officer payment of £7,867.65 and £1,186.49 of pension contributions (£12,482 and £2,554 pension contributions, 2023/24).

² Remuneration excludes election duties payment of £518.3 (£638.27, 2023/24)

³ Remuneration excludes election duties payment of £523.72 (£500, 2023/24)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Other Officer Remuneration

The table below shows the number of Council employees whose remuneration exceeded £50,000 during the year. This figure excludes employer contributions to National Insurance and Superannuation. It includes all officers, including Senior Officers. Officers appointed part -way through the year are excluded if their total pay did not exceed the £50,000 threshold

	2023/24	2024/25
	No. of Officers including Severance or Other Related Payments'	
£50,000 to £54,999	1	3
£55,000 to £59,999	0	1
£60,000 to £64,999	0	0
£65,000 to £69,999	1	1
£90,000 to £94,999	2	2
£95,000 to £99,999	0	0
£100,000 to £104,999	0	0
£105,000 to £109,999	0	0
£110,000 to £114,999	1	1
Total	5	8

B10. Termination Benefits

No direct termination payments were made by the Council during 2024/25. However, as an equal shareholder of Publica Group (Support) Limited, the Council contributed £223,336 towards redundancy, payment in lieu of notice (PILON) and pension strain costs (1/3 of the total costs). These costs related to seven termination packages awarded by Publica during the same period, as part of 'Phase One' of the Publica Review. The amounts were charged and accrued in the Comprehensive Income and Expenditure Statement.

Exit Packages

The total costs outlined above reflects the value of the exit packages which have been agreed, accrued and provided for and charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

All payments were made by Publica Support Ltd. The Council did not agree or pay any exit packages directly.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Notes to the Movement in Reserves Statement

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2024/25			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,797,100)			
Revaluation losses on Property, Plant and Equipment	(130,504)			
Movements in the fair value of Investment Properties	(670,000)			
Capital Grants and Contributions applied	3,401,512			
Revenue Expenditure funded from Capital Under Statute	(3,142,541)			
Non current assets written off on disposal or sale	(1,149,641)			
Accumulated Absences	(62,375)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	1,149,641			
Transfer of capital grants and contributions to capital grants unapplied	2,306,541			(2,306,541)
Unattached Capital Receipts	0			
Statutory Provision for the repayment of Debt	4,461			
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			3,421,083	
Transfer from Deferred Capital Receipts on receipt of cash			(775,168)	
Write down of long term debtor on receipt of loan principal			(257,501)	
Transfer from Capital Grants Unapplied				4,386
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	187,649			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	877,000			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(746,176)			
	228,468	0	2,388,414	(2,302,155)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	2023/24			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,777,958)			
Revaluation losses on Property, Plant and Equipment	(317,145)			
Movements in the fair value of Investment Properties	(502,000)			
Capital Grants and Contributions applied	1,865,853			
Revenue Expenditure funded from Capital Under Statute	(1,744,053)			
Non current assets written off on disposal or sale	(195,094)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	195,094			
Capital expenditure charged against General Fund Balance				
Capital Grants and Contributions credited to CIES	1,467,147			(1,467,147)
Unattached Capital Receipts	222,136		(222,136)	
Statutory Provision for the repayment of Debt	3,114			
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			4,074,882	
Transfer from Deferred Capital Receipts on receipt of cash			(860,603)	
Write down of long term debtor on receipt of loan principal			(1,268,984)	
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	71,223			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	0			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	1,194,000			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(48,111)			
	434,206	0	1,723,159	(1,467,147)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C2. Usable Reserves

Earmarked Reserves

The Council's General Fund comprises an unallocated element, used to meet day-to-day spending and 'Earmarked Reserves' – amounts set aside to provide financing for future specific expenditure or projects.

Movements in 'Earmarked Reserves' during the year are shown below:

	1 April 2024 £	Transfers between £	Transfers Out £	Transfers in £	31 March 2025 £
Financial Resilience Reserve	(2,511,540)	0	297,036	(728,064)	(2,942,568)
Council Priority: Transformation and Change	(200,000)			(379,869)	(579,869)
Council Priority: Publica Review	(471,023)		362,373		(108,650)
Council Priority: Climate Emergency	(250,000)		17,500		(232,500)
Climate Priority: Housing Delivery	(750,000)	250,000			(500,000)
Council Priority: Local Plan	(907,553)	(250,000)	152,727		(1,004,826)
Council Priority: Regeneration and Infrastructure	(200,000)				(200,000)
Other Commitments from Council Priorities Fund	(150,793)		68,400		(82,393)
Business Rate Risk	0			(2,078,196)	(2,078,196)
Business Rates S31 Grant	(495,789)				(495,789)
New Burdens Grant	(143,401)	(50,000)	192,841	0	(560)
Treasury Management Risk	(150,000)	0	0	(225,000)	(375,000)
Asset Management and Property	(350,000)		10,000	(42,000)	(382,000)
Homeless	(189,733)	0	0	0	(189,733)
Planning	(132,812)		32,942	(422,563)	(522,433)
Proptech Consultation Software	(118,029)		50,083		(67,946)
CIL Admin	(100,005)			(157,502)	(257,507)
Sc111 - Habitat Regulation Assessment	(95,789)			(71,157)	(166,946)
Covid/COMF	(202,937)		20,569	0	(182,368)
Other earmarked reserves	(808,933)	50,000	223,875	(248,144)	(783,202)
	(8,228,337)	0	1,428,346	(4,352,495)	(11,152,486)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C3. Unusable Reserves

Summary of Unusable Reserves

	31 March 2024 £	31 March 2025 £
Revaluation Reserve	(48,339,619)	(49,423,486)
Capital Adjustment Account	(32,663,228)	(33,191,454)
Pension Reserve	12,023,000	13,121,000
Deferred Capital Receipts Reserve	(3,482,027)	(3,900,866)
Collection Fund Adjustment Account	127,077	880,754
Pooled Investment Fund Adjustment Account	954,895	767,246
Financial Instruments Revaluation Reserve	47,100	310,000
Accumulated Absences Reserve	0	62,375
	(71,332,802)	(71,374,431)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority from increases in the value of its Property, Plant and Equipment not yet realised through sales.

The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24 £	2024/25 £
Opening Balance - 1 April	(34,441,293)	(48,339,619)
Upward revaluation of assets	(15,539,470)	(5,713,264)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	964,340	3,801,602
<i>(Surplus) / Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services</i>	(14,575,131)	(1,911,661)
Difference between fair value and historic cost depreciation	676,804	827,794
Accumulated gains on assets sold	0	0
<i>Amount written off to the Capital Adjustment Account</i>	<i>676,804</i>	<i>827,794</i>
Closing Balance - 31 March	(48,339,619)	(49,423,486)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Capital Adjustment Account

The Capital Adjustment Account is a store of capital resources set aside to meet past expenditure

The Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2023/24 £	2024/25 £
Opening Balance - 1 April	(31,825,326)	(32,663,228)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>		
Charges for depreciation of non current assets	1,777,958	1,797,100
Revaluation losses on Property, Plant and Equipment	317,145	130,504
Revenue expenditure funded from capital under statute	1,744,053	3,142,541
Amounts of non-current assets written off on disposal or sale	195,095	1,149,640
	4,034,251	6,219,785
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Historical cost depreciation adjustment	(676,804)	(827,794)
	(676,804)	(827,794)
<u>Adjustments between Capital & Revenue Resources</u>		
Receipt of loan principal	1,246,500	241,225
Net written out amount of the cost of non current assets consumed in year	4,603,947	5,633,216
<u>Capital financing applied in year</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,074,882)	(3,421,083)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,865,853)	(3,401,512)
Capital grants and contributions applied to capital financing from Capital Grants Unapplied Account	0	(4,386)
Use of General Fund Earmarked Reserves applied to capital financing	0	0
Capital expenditure charged against the General Fund Balance	0	0
	0	
Minimum Revenue Provision	(3,114)	(4,461)
	(5,943,849)	(6,831,442)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	502,000	670,000
Closing Balance - 31 March	(32,663,228)	(33,191,454)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24 £	2024/25 £
Opening Balance - 1 April	7,188,000	12,023,000
Return on plan assets	(5,851,000)	451,000
Remeasurement of the net defined benefit liability	(1,777,000)	(15,545,000)
Asset Ceiling adjustment	13,657,000	17,069,000
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	1,485,000	1,742,000
Employers' pension contributions	(2,679,000)	(2,619,000)
Closing Balance - 31 March	12,023,000	13,121,000

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	31 March 2024 £	31 March 2025 £
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(69,316)	(62,188)
Principal amounts on finance leases	(3,084,025)	(3,478,931)
Other deferred receipts	(297,187)	(328,248)
	(3,482,028)	(3,900,867)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	1 April 2024 £	Transfers In £	Transfers Out £	31 March 2025 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:				
Council Tax	(91,720)	(71,815)	0	(163,535)
NNDR	230,207	0	964,126	1,194,333
NNDR - Renewal Energy Scheme	(11,477)	(138,567)	0	(150,044)
	127,010	(210,382)	964,126	880,754

Pooled Investment Fund Adjustment Account

	2023/24 £	2024/25 £
Opening Balance - 1 April	1,026,118	954,895
Changes in fair value of Pooled Investment Funds	(71,223)	(187,649)
Closing Balance - 31 March	954,895	767,246

The pooled investment fund adjustment account was created on 1st April 2018 on transition to IFRS9. It is used solely for the purpose of recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains and losses arising from changes in the fair value of its investments that are measured at fair value through other comprehensive income.

	2023/24 £	2024/25 £
Opening Balance - 1 April	0	47,100
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	47,100	262,900
Closing Balance - 31 March	47,100	310,000

Accumulated Absences Reserve

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance, from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2023/24 £	2024/25 £
Opening Balance - 1 April	0	0
Movement in year	0	62,375
Closing Balance - 31 March	0	62,375

NOTES TO THE BALANCE SHEET

Notes to the Balance Sheet

D1. Property, Plant and Equipment

Movements in 2024/25	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL P,P&E £
- Asset Cost or Valuation						
- Asset values at 1 April 2024	69,379,332	3,315,385	201	3,189,958	0	75,884,876
Additions	1,608,854	1,831,968	0	123,047		3,563,869
Revaluation increases / (decreases)	1,274,910	0	0	(874,547)		400,363
Derecognition - disposals	0	(1,773,595)	0	0	0	(1,773,595)
Transfers and reclassifications	(200,000)	0	0	(384,650)	0	(584,650)
Asset values at 31 March 2025	72,063,096	3,373,758	201	2,053,808	0	77,490,863
- Depreciation						
- Accumulated depreciation at 1 April 2024	(109,461)	(1,374,019)	0	0	0	(1,483,480)
Depreciation charge for the year	(1,487,464)	(289,190)		(15,185)	0	(1,791,839)
Depreciation written out on revaluation	1,365,608	0	0	15,185	0	1,380,793
Derecognition - disposals	0	623,954	0	0	0	623,954
Accumulated depreciation at 31 March 2025	(231,317)	(1,039,255)	0	0	0	(1,270,572)
- Net Book Value of Assets						
1 April 2024	69,269,871	1,941,366	201	3,189,958	0	74,401,396
31 March 2025	71,831,779	2,334,503	201	2,053,808	0	76,220,291

NOTES TO THE BALANCE SHEET

Movements in 2023/24	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL P,P&E £
- Asset Cost or Valuation						
- Asset values at 1 April 2023	55,959,900	3,379,373	201	3,030,457	0	62,369,931
Additions	901,903	423,708	0	0	0	1,325,611
Revaluation increases / (decreases)	12,517,529		0	159,501	0	12,677,030
Derecognition - disposals	0	(487,696)	0	0	0	(487,696)
Asset values at 31 March 2024	69,379,332	3,315,385	201	3,189,958	0	75,884,876
- Depreciation						
- Accumulated depreciation at 1 April 2023	(373,773)	(1,211,244)	0	0	0	(1,585,017)
Depreciation charge for the year	(1,301,629)	(455,376)	0	(15,015)	0	(1,772,020)
Depreciation written out on revaluation	1,565,941	0	0	15,015	0	1,580,956
Derecognition - disposals	0	292,601	0	0	0	292,601
Accumulated depreciation at 31 March 2024	(109,461)	(1,374,019)	0	0	0	(1,483,480)
- Net Book Value of Assets						
1 April 2023	55,586,127	2,168,129	201	3,030,457	0	60,784,914
31 March 2024	69,269,871	1,941,366	201	3,189,958	0	74,401,396

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Asset valuation, amortisation and depreciation

Service areas are charged depreciation to represent the real cost of holding and using non-current assets. The value of an asset (less any residual value) will be written-down on a straight-line basis over the useful economic life of the asset. The following useful lives have been used in the calculation of depreciation and amortisation:

- Operational buildings: 40 years; less any residual land value
*except Car Parks depreciable value - depreciated over 20-years.
- Freehold land is not depreciated.
- Surplus assets will have lives based upon the type of asset – e.g. Buildings 30 to 40 years less any residual land value, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Vehicles, plant, furniture and equipment: 4 – 20 years
- Intangible ICT licences/software: 4 years

* The 40-year life applied to operational buildings excludes the car park asset class. Land values for car parks are not depreciated. The remaining value of equipment and parking surface is depreciated over a 20-year period, rather than the 40-year period for other operational assets. This better represents the expected life of a car park.

The gross costs of an asset is treated as the asset purchase price (or cost of construction) until the asset is formally revalued.

Effects of changes in estimates

The Council has not made any material changes in its accounting estimates in either the life or depreciation methods of assets during the year.

Revaluations

The 2024/25 revaluations and impairment review were undertaken by the Council's internal Valuer, Harry Penman (MRICS). Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

Assets are valued as part of a rolling programme of revaluations. All assets are valued at least every 5-years with annual valuations for all assets classified as investment properties or those assets that are deemed to have materially changed in value.

As part of their work the valuers were given full access to the Council's assets, property records and previous valuation data.

In estimating asset values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient enough to affect value

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. The surplus assets that the Council owns represent primarily land or building assets. Within the fair-value hierarchy, the Council's Surplus Assets are deemed as 'level 2' category. The Surplus Asset valuations were undertaken by the Council's Internal Valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Code requires that assets are formally revalued at least every 5-years. The Council does this on a rolling programme to ensure all assets remain materially correct, with assets often revalued more frequently where there is evidence that values have changed. The table below summarises the valuations undertaken, by year:

	Other Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	TOTAL £
Carried at [depreciated] Historical Cost	0	2,334,502	201	0	2,334,703
Valued at Current Value as at 31st March:					
2022/23	1,753,595	0	0	350,405	2,104,000
2023/24	3,291,492	0	0	16,000	3,307,492
2024/25	66,786,684	0	0	1,687,402	68,474,086
	71,831,771	2,334,502	201	2,053,807	76,220,281

D2. Investment Properties

The following amounts have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2023/24 £	2024/25 £
Rental income	(467,114)	(406,980)
Direct operating expenses	84,491	147,793
Net losses from fair value adjustments	502,000	670,000
	119,377	410,813

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

Investment properties are those that are held solely to earn rentals and/or capital appreciation. Investment properties are measured annually at cost and subsequently at fair value. Properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The 2024/25 valuations were undertaken by the Council's internal Valuer. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, as outlined in Note D1 above.

Under the CIPFA Code the Council's investment, properties are classified as 'level 2' within the fair-value hierarchy. The assets have been suitably valued, based upon current market conditions, sale prices for similar assets, or contractual income for the properties. These observable inputs have been used to classify the assets accordingly. There have been no movements between categories within the hierarchy during the year.

The following table summarises the movement in the fair value of investment properties over the year.

	2023/24 £	2024/25 £
Opening Balance - 1 April	5,377,000	4,875,000
Additions	0	0
Transfers and reclassifications	0	0
Net (losses) from fair value adjustments	(502,000)	(670,000)
Closing Balance - 31 March	4,875,000	4,205,000

D3. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to all software assets used by the Authority are 4 years.

Movements in Intangible Assets

	2023/24 £	2024/25 £
<u>Asset Cost or Valuation</u>		
Asset values at 1 April	126,692	64,695
Additions	0	0
Derecognition	(61,997)	0
Asset values at 31 March	64,695	64,695
<u>Amortisation</u>		
Accumulated Amortisation at 1 April	(106,173)	(50,113)
Amortisation charge for the year	(5,937)	(5,262)
Derecognition	61,997	0
Accumulated Amortisation at 31 March	(50,113)	(55,375)
Net carrying amount at 31 March	14,582	9,320

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Intangible assets represent the Authority's purchase of software and software licences. The Income and Expenditure Account is charged with the purchase cost of this software on a straight-line basis, over the life of the asset (4 years).

When software is fully amortised and deemed to be no longer providing benefit to the Authority the software cost and accumulated amortisation balances are derecognised and removed from the balance sheet.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

D4. Non-Current Debtors

	31 March 2024 £	31 March 2025 £
Starter Home Initiative/Decent Homes Standard Loans	20,000	20,000
Council Mortgages & Housing Act Advances	31,500	31,500
Charities	65,752	62,188
Housing Improvement Loans	43,935	43,936
Loan to 'Friends of the Cotswolds'	234,248	210,148
Loan to 'Barn Theatre'	2,326	0
Community Infrastructure Levy (CIL)	523,691	1,078,345
Cottsway Housing Association Loan	1,696,387	1,929,625
Finance Leases - principal outstanding	2,331,968	2,578,865
	4,949,807	5,954,607

D5. Debtors

	31 March 2024 £	31 March 2025 £
Government Departments	1,045,708	2,242,071
Other Local Authorities (Statutory)	1,793,871	1,124,910
Other Local Authorities (Trading)	703,797	571,443
Collection Fund Debtors (CDC Share)	1,438,717	1,790,347
Housing Benefit Recovery	890,768	854,258
Finance Leases - Principal Outstanding	752,044	902,898
Covid Grants	51,519	23,120
Community Infrastructure Levy	1,486,482	2,122,930
Sundry Debtors	547,347	940,155
Other Debtors	1,568,923	786,481
Prepayments	407,730	1,102,850
	10,686,906	12,461,463
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(257,720)	(477,032)
Housing Benefit Recovery	(799,934)	(762,303)
Sundry Debtors	(226,448)	(331,247)
	9,402,804	10,890,881

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

D6. Creditors

	31 March 2024 £	31 March 2025 £
Government Departments	(1,098,435)	(526,082)
Agency Creditor - Covid Business Grants	(74,006)	(51,461)
Other Local Authorities (Statutory)	(1,641,233)	(1,558,916)
Other Local Authorities (Trading)	(275,148)	(255,895)
Collection Fund Creditors (CDC Share)	0	(55,580)
Sundry Creditors	(1,961,648)	(1,974,424)
Other Creditors	(584,916)	(678,235)
Receipts in advance:		
- Council Tax / NNDR payers	(606,902)	(597,723)
- Government Departments	(341,889)	(47,382)
- Sundry Creditors	(1,480,962)	(1,628,126)
	(8,065,139)	(7,373,824)
Section 106 Balances	(2,735,147)	(2,265,386)
	(10,800,286)	(9,639,210)

D7. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
- Business Rates (NDR)					
Appeals	(1,141,715)	(180,798)	240,162	0	(1,082,351)
Local Plan Judicial Review	(100,000)	0	0	100,000	0
	(1,241,715)	(180,798)	240,162	100,000	(1,082,351)

Business Rates (NNDR) appeals

This provision is held in relation to outstanding appeals against property valuations lodged with the Valuation Office. A significant level of risk remains due to the volume of outstanding appeals against both the 2017 list which came into effect in April 2017 together with a Check, Challenge and Appeal process, replacing the former appeals process and potential appeals against the 2023 list.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

D8. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to finance spend (or borrow during the year) to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2023/24 £	2024/25 £
Opening Capital Financing Requirement	20,212	70,969
Capital investment in the year		
Property, Plant & Equipment	1,325,610	3,563,869
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	1,744,053	3,142,541
Loan	2,912,913	414,000
	5,982,576	7,120,410
Sources of finance		
Capital Receipts	4,074,881	3,421,083
Better Care Funding/Disabled Facilities Grants	1,344,331	1,811,091
S106 Contributions	290,250	290,250
Other grants & external funding	219,243	1,304,557
Earmarked Reserves	0	0
Direct Revenue Contributions	0	0
Minimum Revenue Provision (MRP)	3,114	4,461
	5,931,819	6,831,442
Net increase / (decrease) in Capital Financing Requirement	50,757	288,968
Closing Capital Financing Requirement	70,969	359,937

The increase in Capital Financing Requirement in 2024/25 represents capital expenditure in respect of solar roof panels at Trinity Road and EVCP assets financed through the Community Municipal Investment.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

D9. Assets Held for Sale

Current Assets	2023/24 £	2024/25 £
Opening Balance - 1 April	0	0
Assets classified as/(transferred from) held for sale during the year:		
- Property, Plant & Equipment		584,650
Assets sold	0	0
Closing Balance - 31 March	0	584,650

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Additional Disclosures – Technical Notes

E1. Defined Benefit Pension Scheme

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Cotswold District Council is a member of the Gloucestershire County Council Pension Fund, for which Gloucestershire County Council is the administering Authority. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

Publica Group (Support) Limited

On 1st November 2017 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled (counted as one scheme by the pension fund) as the Council continues to underwrite the pension liabilities on the whole scheme.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council makes to council tax is based upon the actual cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MiRS).

Contributions payable include amounts payable by Publica Group (Support) Limited as the underlying pension liability for these staff remains with the Council.

The following transactions have been charged to the Comprehensive Income & Expenditure account and General Fund Balance during the year:

	2023/24 £	2024/25 £
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Current Service Cost	1,178,000	1,198,000
Past Service Cost	0	
<i>Financing and Investment Income & Expenditure:</i>		
Net Interest Expense	307,000	544,000
Net Charge to Surplus or Deficit on Provision of Services	1,485,000	1,742,000
<i>Other post employment benefit charged to Comprehensive Income & Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	(5,851,000)	451,000
Actuarial (gains) arising on changes in financial assumptions	(4,311,000)	(14,397,000)
Actuarial (gains) arising on changes in demographic assumptions	(571,000)	(168,000)
Asset ceiling adjustment	13,657,000	17,069,000
Experience losses	3,105,000	(980,000)
	6,029,000	1,975,000
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	7,514,000	3,717,000
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	(1,485,000)	(1,742,000)
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	2,679,000	2,619,000

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	31 March 2024 £	31 March 2025 £
Present value of the defined benefit obligation - funded	(95,308,000)	(81,894,000)
Present value of unfunded obligations	(2,224,000)	(1,996,000)
Fair Value of Plan Assets	99,166,000	102,151,000
Asset Ceiling Adjustment	(13,657,000)	(31,382,000)
Net liability arising from defined benefit obligation	(12,023,000)	(13,121,000)

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

	2023/24 £	2024/25 £
Opening Fair Value of Scheme Assets	90,484,000	99,166,000
Interest Income	4,264,000	4,726,000
Remeasurement Gains / (Losses)	5,851,000	(451,000)
Employers' Contributions	2,520,000	2,450,000
Employee Contributions	364,000	371,000
Contributions in respect of unfunded benefits	159,000	169,000
Benefits Paid	(4,317,000)	(4,111,000)
Unfunded Benefits Paid	(159,000)	(169,000)
Closing Balance 31 March	99,166,000	102,151,000

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2023/24 £	2024/25 £
Opening Balance 1 April	(97,672,000)	(97,532,000)
Current Service Cost	(1,178,000)	(1,198,000)
Interest Cost	(4,571,000)	(4,614,000)
Contributions from Scheme Participants	(364,000)	(371,000)
Past Service Cost	0	0
Remeasurement(Gains)/Losses	1,777,000	15,545,000
Benefits Paid	4,317,000	4,111,000
Unfunded Benefits Paid	159,000	169,000
Closing Balance 31 March	(97,532,000)	(83,890,000)
	Funded (95,308,000)	(81,894,000)
	Unfunded (2,224,000)	(1,996,000)

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Composition of Scheme Assets

	2023/24				2024/25			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
Debt Securities								
Corporate Bonds (investment grade)			-	0%				0%
Corporate Bonds (non investment grade)			-	0%				0%
UK Government			-	0%				0%
Other			-	0%				0%
Private Equity								
All	-	2,373	2,373	2%		2,925	2,925	3%
Real Estate								
UK Property	3,584	2,525	6,108	6%	3,397	2,787	6,184	6%
Overseas Property	-	1,939	1,939	2%		1,902	1,902	2%
Investment Funds and Unit Trusts								
Equities	-	59,820	59,820	60%		62,145	62,145	61%
Bonds	7,263	10,666	17,929	18%	7,353	10,322	17,676	17%
Infrastructure	-	4,145	4,145	4%		5,548	5,548	5%
Other	-	4,309	4,309	4%		4,353	4,353	4%
Derivatives								
Foreign Exchange	97		97	1%	75		75	0%
Other	-		0	0%				0%
Cash and Cash Equivalents								
All	2,445		2,445	3%	1,344		1,344	1%
	13,389	85,778	99,166	100%	12,169	89,982	102,151	100%

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Basis for estimating assets and liabilities

An estimate of the pensions that will be payable in future years is dependent on a number of assumptions about mortality rates, salary levels, etc. The scheme's actuary [Hymans Robertson LLP] has used the following principal assumptions:

Mortality Assumptions (average future life expectancy at age 65 - years)		
	Males	Females
Current Pensioners	22.0	24.5
Future Pensioners*	22.7	25.9
*Assume members aged 45 as at last formal valuation date - 31 March 2022		
Financial Assumptions		
	31 March 2024	31 March 2025
Rate of increase in pensions	2.8%	2.8%
Rate of increase in salaries	3.3%	3.3%
Discount Rate	4.8%	5.8%

At the date of the most recent valuation, the duration of the Employer's funded obligation is 17 years. Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 data (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% for both males and females. Based on these assumptions, the average life expectancies at 65 are summarised above.

Included in the assumptions is an allowance for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In accounting for the Pension Fund, the actuary applies a number of assumptions in measuring the scheme liabilities. Sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approx. increase in liability	
	%	£
0.1% decrease in Real Discount Rate	2%	1,347
0.1% increase in salary increase rate	0%	57
0.1% increase in pension increase rate	2%	1,327
1 year increase in life expectancy	4%	3,356

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the actuary has estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e., if improvements to survival rates predominantly apply at younger or older ages).

The estimated employer's contributions for the year to 31st March 2026 will be approximately £2,242,000.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E2. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

31 March 2024			31 March 2025	
Non-Current	Current		Non-Current	Current
£	£		£	£
0	1,140,648	Financial Assets at Amortised Cost	0	2,587,272
1	0	Investments	1	0
0	3,643,651	Ubico Shareholding	0	726,095
(2,331,968)	4,677,177	Cash and cash equivalents	3,375,742	1,895,831
2,331,968	752,044	Debtors	2,578,865	902,898
		Finance Leases	5,954,608	6,112,096
1	10,213,520			
		Fair Value through Profit or Loss		
9,445,923	1,226,450	Investments	9,574,349	1,287,106
0	9,039,329	Cash and cash equivalents	0	8,192,604
9,445,923	10,265,779		9,574,349	9,479,710
		Fair Value through Other Comprehensive Income		
952,900	7,125	Designated Equity Instruments	690,000	7,500
10,398,824	20,486,424	Total Financial Assets	16,218,957	15,599,306
		Financial Liabilities at Amortised Cost		
(259,593)	(97,662)	Borrowing	(157,587)	(102,006)
0	(2,823,833)	Creditors		(2,412,729)
(259,593)	(2,921,495)	Total Financial Liabilities	(157,587)	(2,514,735)

The following table reconciles the totals shown on the Balance Sheet and the values above:

	Non Current Debtors	Current Debtors Creditors	
	£	£	£
- Total on Balance Sheet	5,954,607	10,890,881	(7,373,824)
Finance Leases (shown separately)	(2,578,865)	(902,898)	
<u>Items not classified as Financial Instruments:</u>			
Statutory & Government Debtors / Creditors	0	(6,989,302)	2,687,864
Payments / Receipts in Advance	0	(1,102,850)	2,273,231
Total Debtors / Creditors (as above)	3,375,742	1,895,831	(2,412,729)

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

2023/24					2024/25			
Financial Assets			Financial Liabilities		Financial Assets			Financial Liabilities
Amortised Cost	Fair Value through P&L	Fair Value through OCI	Amortised Cost		Amortised Cost	Fair Value through P&L	Fair Value through OCI	Amortised Cost
£	£	£	£		£	£	£	£
(841,640)	(845,054)	(28,500)	9,047	<u>Financing & Investment Income and Expenditure</u>	(821,697)	(840,247)	(30,375)	6,772
	(71,223)			Interest Expense				
				Interest / Dividend income				
				Changes in impairment loss allowance		(187,649)		
				Changes in fair value				
		47,100		<u>Other Comprehensive Income</u>			262,900	
				Changes in fair value				
(841,640)	(916,277)	18,600	9,047	Net (Gains) / Losses for the Year	(821,697)	(1,027,896)	232,525	6,772

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Fair Values of Financial Assets and Financial Liabilities

Fair Value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

The Code sets out the fair value valuation hierarchy that local authorities are required to follow to increase consistency and comparability in fair value measurements and disclosures. Level 1 assets are valued based upon ‘quoted prices in active markets for identical assets’ where such assets exist. Level 2 is based upon inputs other than quoted prices within level 1 that are observable. Level 3 represents all other unobservable inputs which can be used to estimate the fair value of the assets.

The following table shows the Council’s financial assets measured at fair value through profit and loss:

	Input level	As at 31 March 2025 £
- <u>Fair Value through Profit or Loss</u>	-	-
Money Market Funds	Level 1	8,192,604
Pooled Investment Funds	Level 1	10,861,455
		19,054,059

Fair values for those financial assets deemed to be categorised as Level 1 have been derived from unadjusted quoted prices in active markets.

Except for the financial assets carried at fair value (as shown above), and equity instruments elected to fair value through other comprehensive income, all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The carrying value and fair values are shown below for comparison purposes. Fair values are not required for current debtors and creditors (trade payables and receivables) since the carrying amount is deemed a reasonable approximation of fair value.

	31 March 2024		31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
- Financial Assets at Amortised Cost				
Investments	1,140,648	1,140,648	2,587,272	2,587,272
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	3,643,651	3,643,651	726,095	726,095
Non-Current Debtors	(2,331,968)	(2,331,968)	3,375,742	3,375,742
Non-Current Finance Leases	2,331,968	2,331,968	2,578,865	2,578,865
	4,784,300	4,784,300	9,267,975	9,267,975
Financial Liabilities at Amortised Cost				
Borrowing	(357,255)	(357,255)	(259,593)	(259,593)
	(357,255)	(357,255)	(259,593)	(259,593)

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Equity Instruments Elected to Fair Value through Other Comprehensive Income

The Council has elected to account for the following investment as an equity instrument at fair value through other comprehensive income because it is a long-term strategic investment held by the Council primarily to receive regular dividend income rather than for capital growth or to sell.

Presenting changes in its fair value in the surplus or deficit on provision of services is therefore less likely to present a true and fair view of the Council's financial performance than presenting it in other comprehensive income.

	Fair Value		Dividends	
	31 March 2024 £	31 March 2025 £	31 March 2024 £	31 March 2025 £
Fundamentum Social Housing REIT plc	952,900	690,000	28,500	30,375
	952,900	690,000	28,500	30,375

Cotswold Climate Loan

During 2022/23, the Council secured £0.5m of funding through a loan instrument repayable over a five-year period. The funding is being used to support an energy efficiency and carbon reduction project as well as the installation of electric vehicle charging points. These projects contribute to the objectives set out in the Council's Climate Emergency Strategy 2020-30 which establishes a plan to deliver a Net-Zero district by 2045. The loan balance outstanding as at 31 March 2025 is £259,593 and is carried in the balance sheet at amortised cost.

Cottsway 2 Limited – Loan Facility

On 26 July 2022, the Council entered into an agreement to provide a loan facility of £3,753,000 to Cottsway 2 Ltd (a subsidiary of Cottsway Housing Association). The purpose of the loan facility is to enable the provision of new dwellings incorporating low carbon technology at Davies Road, Moreton-in-Marsh. £1,855,500 of the facility is a short-term arrangement which will be repaid in full on receipt of grant funding by Cottsway 2 Ltd from Homes England. The remainder of £1,897,500 is a long-term secured loan facility to be repaid within 50 years of the first drawdown date. To the extent the loan facility is used, interest is payable to Cotswold District Council based on a rate of 3.25% per annum.

As of 31 March 2025, the balance on the loan facility was £1,929,625.

E3. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council's key risks are in relation to its financial assets. These are as follows:

- Credit risk – the possibility that other parties may fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such metrics such as interest rates.

Overall procedures for managing risk

The Council's overall risk management procedures focus upon the unpredictability of financial markets and implementing procedures to minimise these risks. The duty to manage such risk is set out in the Local

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. These procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services
- By approving annually in advance prudential indicators for the following three years covering:
 - * Limits on the Council's overall debt [external borrowing]
 - * The maturity structure of any borrowing
 - * The Council's upper limit for exposure to fixed and variable rates
 - * The maximum exposure to investments maturing beyond a year
- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum creditworthiness requirements for all counterparties

Prudential indicators and the treasury management annual investment strategy are reported to, and approved by, full Council prior to the start of the financial year. Actual performance is reported at half and full-year intervals to full Council.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Treasury Management Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit rating criteria. The strategy also imposes upper limits on the amounts that can be invested with each financial institution. Full details of the minimum creditworthiness criteria (including rating provided by agencies such as Standard & Poor's, Moody's and Fitch). The strategy also imposes upper limits on the amounts that can be invested with each financial institution. Full details of the minimum credit ratings can be found in the appendix to the Treasury Management annual investment strategy, which can be viewed via the Council's web-site.

The ratings of the financial institutions holding Council investments (and investments classified as cash equivalents) at the Balance Sheet, date are as follows:

	Investment Balance
<u>Fixed duration deals</u>	
Central Government	£2,587,272
<u>Call accounts and other 'cash equivalent' investments</u>	
Money Market Funds	£8,192,604
Call Accounts	£53,948
<u>UK Equities</u>	
Real Estate Investment Trust (REIT)	£697,500
<u>Pooled funds</u>	
Non-rating agency rated pooled fund	£10,861,455
<i>separately approved by the Council's Treasury Management advisors</i>	
	22,392,779

At the Balance Sheet date, the Council's investments and investments classified as cash equivalents for financial reporting purposes were distributed as follows:

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Investment values - maturing within:				
	0-3 mths	3-6 mths	6-12 mths	1 year +
-	-	-	-	
<u>Internally managed funds</u>				
Central Government	£2,587,272			
Money Market Funds	£8,192,604			
Call Accounts	£53,948			
UK Equities	£7,500			£690,001
<u>Externally managed funds</u>				
Pooled Funds	£74,334			£10,787,121
	£10,915,658			£11,477,122

The maturity analysis of the Council's financial liabilities is as follow:

Liabilities - Maturity analysis 31/3/25				
	0-3 mths	3-6 mths	6-12 mths	1 year +
-	£	£	£	£
<u>Borrowing</u>				
Cotswold Climate Loan	0	(50,448)	(51,558)	(161,581)
	0	(50,448)	(51,558)	(161,581)
Liabilities - Maturity analysis 31/3/24				
	0-3 mths	3-6 mths	6-12 mths	1 year +
-	£	£	£	£
<u>Borrowing</u>				
Cotswold Climate Loan	0	(48,300)	(49,632)	(259,593)
	0	(48,300)	(49,632)	(259,593)

The Council have calculated the expected credit loss and can conclude that risks remain low and the calculated credit loss is trivial.

Liquidity Risk

The Council manages its cash flow to ensure cash is available when it is needed. In the event of an unexpected cash requirement, the Council has the ability to borrow from the money markets to cover any short-term requirement.

The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its financial commitments under financial instruments.

Market risk – interest rate risk

The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing periods. For example, a rise in variable and fixed interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure account will rise
- Investments at fixed rates – the fair value of the assets will fall

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The Council has a number of strategies for managing interest rate risk. Prior to the start of each financial year, a maximum limit is determined for exposure to fixed and variable interest rates. The Council's treasury management team monitors market conditions and forecasts for forecast interest rates; adjusting exposures accordingly. For instance, during periods of falling interest rates, and where economic conditions are favourable, fixed rate investments may be taken for longer periods to secure relatively higher long-term returns.

Changes in interest payable and interest receivable on investments will be posted to the Comprehensive Income and Expenditure account and will affect the General Fund Balance.

If interest rates had been 1% higher during the year (and all other factors remain unchanged), and this rate increase had applied to all variable-rate investment income, the effect upon the Comprehensive Income & Expenditure Account would have been an increase in interest receivable from investments of £323,864 (£344,994, 2023/24).

Price Risk

The Council holds some financial instruments whereby the capital value may fluctuate because of market conditions. However, these instruments are all purchased on a hold to maturity or long term basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

The Council's investment in a property fund and multi asset funds (including property) is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2025 would result in an immaterial charge to the surplus or deficit on the provision of service which is then transferred to the Pooled Investment Fund Adjustment Account.

The Council's investment in multi asset funds (which includes equities) are subject to the risk of falling share prices. A 5% fall in shares prices at 31st March 2025 would result in an immaterial charge to the Surplus or deficit on the provision of services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a REIT is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £1m. A 5% fall in residential property prices at 31 March 2025 would result in a £34,875 charge to Other Comprehensive Income and Expenditure (£52,000 on 31 March 2024) which would be reflected in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

The Council's policy is to deal in pounds sterling wherever possible thus mitigating the need to deal in foreign exchange.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E4. Leases

The Council as Lessee [obtaining assets under a leasing arrangement]

The authority's lease portfolio consists of leases of operational land and buildings and plant and equipment. During the year, lease payments charged to Cost of Services totalled £35,529 (2023/24: £60,639), all of which relate to the lease of printers, classified as low-value leases under the authority's accounting policies.

The Council has not identified any new arrangements during the year that meet the definition of a right-of-use (ROU) asset under IFRS 16. No new finance leases have been recognised on the balance sheet, other than low-value assets below £20,000, which are excluded in line with the Council's accounting policy.

Assets previously recognised as Property, Plant and Equipment (PPE) which meet the definition of right-of-use assets under IFRS 16, and therefore remain on the Council's balance sheet as such, total £6.090 million.

Authority as Lessor [leasing assets out]

Finance Leases

The Authority has three properties, which it accounts for as finance leases and a number of Waste Collection and Recycling vehicles. The three properties are commercial properties [shops/offices] located in the centre of Cirencester and have been leased out for periods of 99, 125 and 125 years respectively. Although the properties will return to the Council at the end of the lease, the balance of "risks and rewards" of ownership, the length of the lease, and the sum of rentals receivable require the properties to be accounted for as Finance Leases.

In addition to the property assets, the Council leases a number of Waste Collection and recycling vehicles to Ubico Limited.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned by the Authority for the period while the debt remains outstanding.

	31 March 2024 £	31 March 2025 £
Present value of principal payments outstanding on non current assets	3,085,089	3,481,763
Unearned finance income	2,701,077	2,836,705
	5,786,166	6,318,468

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2024 £	31 March 2025 £	31 March 2024 £	31 March 2025 £
Not later than one year	846,637	1,039,971	752,044	902,898
Later than one year & not later than five years	2,078,188	2,143,040	1,840,214	1,795,214
Later than five years	2,861,341	3,135,456	492,831	783,651

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

	5,786,166	6,318,468	3,085,089	3,481,763

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2024/25 the Council received £101,280 in contingent rents (2023/24 £175,811).

The Council has not set-aside an allowance for uncollectable debts in relation to its finance leases. Any outstanding debts would be accounted for within the Sundry Debtors impairment allowance.

Operating Leases

The Authority leases out property under operating leases to generate revenue on its investment properties and surplus assets that are suitable for rental.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2024 £	31 March 2025 £
Not later than one year	578,771	653,209
Later than one year & not later than five years	1,128,837	797,351
Later than five years	73,133	171,735
	1,780,741	1,622,295

The minimum lease payments receivable does not include rents that are contingent on events taking place after the balance sheet date.

E5. Accounting Policies

i) General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31st March year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

These accounts have been prepared on the basis that the Council is a going concern.

ii) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as inventories (stock) on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected (doubtful debts).
- The council has set a de-minimis level for accruals of creditors and debtors that are calculated manually in order to avoid additional time and cost in estimating and recording accruals. This level is set at £1,000 with the exception of any grant where applying the de-minimis level would affect a grant claim and any accruals included therein.

iii) Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv) Prior period, adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v) Charges to revenue for non-current assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the relevant service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi) Council tax and non-domestic rates – England

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vii) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

An accrual for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end is not provided for in the accounts. This is because the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited in 2017/18. Due to the vastly reduced number of staff employed by the Council, a balance is no longer maintained for the cost of untaken annual leave, as the amount involved is not material to the accounts.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pension reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

viii) Post-employment benefits

Employees of the Council are permitted to join the Local Government Pension Scheme, administered by Gloucestershire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Gloucestershire County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value.
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
 - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

- Remeasurements comprising
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure
 - contributions paid to the Gloucestershire County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix) Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

x) Financial instruments

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Any borrowing that the Council may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets (i.e. why we are holding the asset) and their cash flow characteristics. There are three main classifications:

- Amortised cost
- Fair value through other comprehensive income (FVOCI), and
- Fair value through profit or loss (FVPL)

The Council primarily holds investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Expected credit loss model

The Council recognises material expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at fair value through other comprehensive income are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the relevant Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds made before 1 April 2024 to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

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This statutory provision ceases on 31 March 2029.

For Pooled Investment Funds made on or after 1 April 2024, fair value gains and losses incurred in 2024/25 will be taken to the Pooled Investment Funds Adjustment Account in 2024/25 as the Statutory Override remains in place. However, that figure will be released to the General Fund in 2025/26 along with gains and losses incurred during that year

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

xi) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Section 106 funding contributions are payable by developers to the Council to discharge specific planning obligations associated with residential or commercial development. Section 106 funding contributions are held on the balance sheet as creditors as they may have to be returned to the developer if conditions associated with the funding are not met. Similarly, where grants have been received for specific projects these are treated as

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

grants with conditions (creditors) until the project has begun or the item of equipment to which the grant relates has been purchased.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure. A share of the charges which are due to be payable to the County, Town or Parish Councils will remain in creditors (receipts in advance) until due.

xii) Heritage assets

Heritage assets are those assets that are held and maintained principally for their contribution to knowledge and culture.

The Council owns the Corinium Museum in Cirencester. The museum contains a large number of artefacts, with a particular specialism in the Roman heritage of Cirencester and the surrounding area. Many of the items in the Museum collection meet the classification of Heritage Assets adopted by the Code (FRS102).

Where assets have been purchased or recently obtained, information on their cost or value will be available. The Code allows that where this information is not available, or cannot be obtained at a value which is commensurate with the benefits to users of the financial statements, that the assets need not be recognised in the Balance Sheet. The majority of the Council's museum collection has not been included on the Council's Balance Sheet.

When purchased or where a value is available, heritage assets are recognised on the balance sheet at historic cost. Assets within the museum collection are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation on those heritage assets on the Council's balance sheet. Due to the nature of the type of assets held, the Council's heritage assets are not subject to revaluation and will only be impaired if there is clear reason to suspect the assets have become impaired.

xiii) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Intangible assets are measured initially at cost.

The depreciable amount of an intangible asset is amortised over its useful life (usually 4 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Council carries no internally generated intangible assets on its balance sheet.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

xiv) Inventories and long-term contracts

Inventories (stocks) are included in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xv) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi) Leases

The council as lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £20,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset (if material) and charged as an expense over the lease term on the same basis as rental income.

xvii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

Measurement

Assets are initially measured at cost, comprising:

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- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance sheet using the following measurement bases:

- community assets and assets under construction – depreciated historical cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both) depreciated historical cost basis is used as an approximation of current value.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services within the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuers identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuers.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 40 year period (unless an asset life is deemed to be materially different to this by the Council's Valuer)
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 4-year period
- Investment property is not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place on or before the balance sheet date:

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- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves

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Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxi) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

xxii) Fair value measurement of non-financial assets

The authority's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset, or
- in the absence of a principal market, in the most advantageous market for the asset.

The authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note E5 above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has a one-eighth share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico Limited and group accounts have not been prepared.
- The Council jointly owns (with West Oxfordshire District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be merely an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses

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are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of any surplus for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis Group Accounts have not been prepared.

- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Gloucestershire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore, the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.
- Under International Financial Reporting Standards (IFRS), assessments have been made as to the correct accounting treatment for a number of lease agreements which the Council has entered into. Categorising leases as either operating or finance leases results in different accounting treatment depending upon the categorisation of the lease. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.
- The Council has such an arrangement whereby it provides environmental services vehicles to Ubico Limited. Ubico Limited pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico Limited contracts where necessary). Ubico Limited pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Limited. This arrangement has been formalised in a lease agreement between Ubico Limited and the Council.
- The Council has also determined that their interest in Chipping Campden Leisure Centre and the use of the sports centre (operated by the Council's leisure operator SLM until July 2023 and Freedom Leisure from August 2023) which is legally owned by Chipping Campden school through a dual use agreement dated August 1995 for a period of 99 years is correctly recognised on the Council's balance sheet due to the unrestricted and ongoing relationship between the school and Council which has historically been agreed and will continue into perpetuity.

ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

E7. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual result differs from assumptions
Property, Plant & Equipment – Operational Property	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The Valuer has stated that valuations have been prepared in accordance with the RICS Valuation standard and recommendations contained within the RICS Red Book.</p> <p>In the context of the Council's property portfolio, the Valuer has assessed the impairment risk by sector and individual asset. Due to the material nature of the Council Offices, Museum, Car Parks and Leisure Centres it has been considered prudent to revalue all assets within these sectors.</p> <p>The remainder of the portfolio unvalued in 2024/25 has been assessed and it has been confirmed that there have been no further material changes to the portfolio that is considered sufficient to affect the unvalued position.</p> <p>The Council's valuers provided valuations as at 31 March 2025 for the Council's investment property portfolio and approximately 93% of its operational portfolio.</p> <p>With regards to Depreciated Replacement Cost (DRC) method valuations of operational properties and the residual valuations of the surplus properties, the valuers consider that of all the valuation elements in a DRC the build costings are the most volatile assumption and most susceptible to change through inflation and rising material/labour costings, among other things.</p> <p>Operational assets are depreciated over the best estimate of an asset's useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council's valuer.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would be unlikely to result in a significant charge to the Comprehensive Income and Expenditure Statement due to the level of revaluation reserve balance held of approximately £49m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is over £71.8m.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by approximately £48,000 for every year that useful lives had to be reduced.</p>

ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Item	Uncertainties	Effect if actual result differs from assumptions
Fair Value measurement of Investment Property	<p>The Council's valuers use valuation techniques to determine the fair value of investment property. This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In this case, the valuers use the best information available.</p> <p>The investment properties' main assumptions for change are yield and rent. When valuing the investment properties, the valuers have run a number of valuations adjusting yields typically by 25 basis points each time to encapsulate and understand how current and future risk within the yield affects values. Whether this is further potential for rental growth, unknown covenant strength or letting void.</p>	<p>Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p> <p>It is not possible to quantify the level of variance that may arise if assumptions used differ from actual asset values. The Council is confident, however, that the risk of any variance will not affect the Council's financial strategy.</p> <p>A fall of 5% in the overall valuation would result in a fall in value of £210,250.</p>
Pension Liability	<p>The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme's actuary including discount rate used, rate of salary increases, changes in retirement ages, mortality rates and expected return on Pension Fund investments. Estimates are made upon judgements and conditions as seen by the actuary at a point in time.</p> <p>An asset ceiling calculation has been applied to the pension fund asset value included in the accounts. This is due to an ongoing requirement to pay agreed past service contributions. Relevant accounting standards only set out high level principles, which are open to a wide range of interpretation. The approach adopted was proposed by the Council's consulting actuary following discussions with key LGPS audit practitioners.</p> <p>The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<p>The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities.</p> <p>For further details of the impact of variations in key assumptions, see note E1.</p> <p>Removing the asset ceiling calculation results in an increase in pension fund asset values of £31m. Instead of disclosing a pension liability of £13.382m the Council would instead disclose a pension fund asset of £18.261m</p>

ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

E8. Accounting Standards Not Yet Adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following standards and amendments are not expected to be introduced until on or after 1 April 2025:

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023 The amendments to IAS 21 clarify how an entity should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of the financial statements to understand the impact of a currency not being exchangeable.

IFRS 17 Insurance – IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8.

It is not expected that these new standards will have a material impact on the accounts.

E9. Related Parties

The Authority is required to disclose material transactions with related parties – i.e. bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B8, *Grant Income*.

Members of the Council

Members of the council have direct control over the council's financial and operating policies. The total of Members' allowances paid in the year is disclosed in Note B6 to these accounts, *Members' Allowances*.

Upon their election to serve the Authority all Members of the Council are required to complete a declaration of Members' interests form. The form requires any conflicting or relevant outside interests to be declared. If at any point a Council decision is required which impacts upon an individual or an organisation which they have an interest in, the Member is required to leave the Council chamber for the duration of the debate and abstain from the decision making process [voting].

Individual Member declarations are available to view via the Council website.

- Ten Members have declared an interest as a Town or Parish Councillor where grants and contributions (£53,775) were awarded during 2024/25 (£60,375 in 2023/24).
- One Cabinet Member was nominated by the Council to sit on the board of Cotswold National Landscape, who received grants of £21,286 from the Council during 2024/25 (£21,286 in 2024/25).

ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the award of grant and loan.

In addition to being District Council Members, as of 31 March 2025 five of the Council's Members were also Members of Gloucestershire County Council (4 as of 31 March 2024). Cotswold District Council made payments of £640,615 to the County Council and received grants, fees and contributions of £1,230,214 during 2024/25 (payments of £652,118 and grants fees and contributions of £2,022,318 in 2023/24)

Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional judgement. On an annual basis, senior officers in positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest.

Declarations are sought even where no conflicts of interest have been reported. There were no declarations that required further disclosure in this statement of accounts.

Publica Group (Support) Limited

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

Cotswold District Council, along with West Oxfordshire, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

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

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

During 2024/25 the Council made payments to Publica of £8,713,100 (2023/24 £10,265,289) for services and received income of £643,584 (2023/24 £861,483.56). At 31 March 2025 the Council owed Publica £147,872 (creditors and receipts in advance) (31 March 2024, £51,246) and was owed £385,170 (debtors and payments in advance) (31 March 2024, £855,530).

Ubico Limited

Ubico Limited. was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012. The Council holds an equal 1/8th shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Limited must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/8th shareholding in Ubico Limited, and a place on the Board of Ubico Limited, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico Limited. board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico Limited.

During 2024/25 the Council made payments to Ubico of £8,443,292 for contract services (2023/24 £8,419,283) and received income of £690,909 (2023/24 £778,008). At 31 March 2025, Ubico Limited owed the Council £330,311 (debtors) (2023/24, £680,957) and the Council owed Ubico Limited £108,373 (creditors and receipts in advance) (2024/25, £245,655).

ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Other Public Bodies

As a council tax billing Authority, the Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and the Town and Parish Council's within the district. Precepts for the County Council and Police Authority are shown within the Collection Fund – Town and Parish precepts are shown in the *Comprehensive Income & Expenditure Statement*.

The Council is also a member of the Gloucestershire Business Rates Pool. Payments to and from the Pool are administered by Stroud District Council as pool lead.

The Council provides retirement benefits to its employees. The Local Government Pension Scheme is administered by Gloucestershire County Council (see Note E1).

E10. Events After the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on 16 July 2025.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

A review of Publica was announced in September 2023 which will return a number of services back to the partnership Councils. The detailed implementation plan was approved by full Council in July 2024 with phase one of the transfer on 1st November 2024 relating to 84 employees transferring back to the Council, phase two relating to the transfer of 9 employees and creation of 12 new roles within the Council will take place on 1st July 2025

NOTES TO THE CASH FLOW STATEMENT

Notes to the Cash Flow Statement

F1. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2023/24 £	2024/25 £
Depreciation, amortisation and impairment	1,777,958	1,797,100
Increase / (decrease) in creditors	(3,498,404)	(545,661)
(Increase) / decrease in debtors	1,170,175	(3,038,010)
Increase / (decrease) in provision for bad debts	324,853	208,531
(Increase) / decrease in inventories	1,893	2,097
Pensions' liability	(1,194,000)	(877,000)
Carrying amount of non current assets sold	0	1,149,641
Increase / (decrease) in provisions	216,224	(159,364)
Movement in the fair value of PPE charged to CIES	317,145	130,504
Movements in the fair value of investment properties	502,000	670,000
Movements in the fair value of financial instruments	(71,223)	(187,649)
	(453,379)	(849,812)

F2. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities

	2023/24 £	2024/25 £
Capital grants applied to the financing of capital expenditure	(3,333,000)	(5,708,053)
Proceeds from the sale of non current assets	0	(1,149,641)
Unattached capital receipts	(222,136)	0
	(3,555,136)	(6,857,694)

F3. Investing Activities

	2023/24 £	2024/25 £
Purchase of property, plant & equipment and other capital investment	(1,303,764)	(3,219,810)
Purchase of short term and long term investments	(162,010,000)	(127,650,000)
Cottsway Loan issued	(2,912,985)	(413,821)
Proceeds from the sale of non current assets	1,020,206	791,444
Proceeds from disposal of short term and long term investments	165,150,000	126,220,000
Repayment of Cottsway Loan	1,246,500	241,225
Capital Grants applied	0	4,408,099
Other (receipts) / payments from investing activities	3,731,417	510,724
	4,921,374	887,860

NOTES TO THE CASH FLOW STATEMENT

F4. Financing Activities

	2023/24	2024/25
	£	£
Repayments of short term borrowing	(93,503)	(97,662)
Finance Lease repayments	(15,767)	0
	<u>(109,270)</u>	<u>(97,662)</u>

NOTES TO THE COLLECTION FUND

Collection Fund

This "Agent's" statement shows the transactions of the Council as a billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non-Domestic Rates (Business Rates).

2023/24				Note	2024/25		
Business Rates £	Council Tax £	Total £			Business Rates £	Council Tax £	Total £
(28,078,804)	(88,240,186)	(88,240,186)	Council Tax receivable	G1		(94,625,372)	(94,625,372)
(4,365,267)		(28,078,804)	Business Rates Receivable	G2	(31,300,867)		(31,300,867)
(975,889)		(4,365,267)	Transitional Protection Payments		(1,567,288)		(1,567,288)
		(975,889)	Contribution to previous year's surplus(-)/deficit		1,112,650		1,112,650
(33,419,960)	(88,240,186)	(121,660,146)	Total Income		(31,755,505)	(94,625,372)	(126,380,877)
			<u>Apportionment of previous year's Surplus/Deficit(-)</u>				
	(2,168)	(2,168)	Cotswold District Council			23,896	23,896
	(13,367)	(13,367)	Gloucestershire County Council			148,760	148,760
	(2,579)	(2,579)	Gloucestershire Police & Crime Commissioner			28,808	28,808
0	(18,114)	(18,114)			0	201,464	201,464
			<u>Precepts, Demands and Shares</u>				
16,501,702		16,501,702	Central Government		16,868,706		16,868,706
13,201,362	10,370,045	23,571,407	Cotswold District Council		13,494,964	11,222,349	24,717,313
3,300,341	64,569,014	67,869,355	Gloucestershire County Council		3,373,741	68,560,814	71,934,555
	12,503,791	12,503,791	Gloucestershire Police & Crime Commissioner			13,202,870	13,202,870
33,003,405	87,442,850	120,446,255			33,737,411	92,986,033	126,723,444
			<u>Charges on the Collection Fund</u>				
268,231	129,161	397,392	Write-offs of uncollectable amounts		146,197	104,742	250,939
			Increase / (decrease) in Bad Debt / Appeals				
159,839	20,839	180,678	Provisions	G3	(181,528)	751,657	570,129
194,453		194,453	Cost of Collection		196,273		196,273
111,297		111,297	Disregarded Amounts	G4	267,468		267,468
733,820	150,000	883,820			428,410	856,399	1,284,809
33,737,225	87,574,736	121,311,961	Total Expenditure		34,165,821	94,043,896	128,209,717
317,265	(665,450)	(348,185)	(Surplus) / Deficit for the Year		2,410,316	(581,476)	1,828,840
258,260	(107,824)	150,436	(Surplus) / Deficit brought forward		575,525	(773,274)	(197,749)
575,525	(773,274)	(197,749)	(Surplus) / Deficit carried forward	G5	2,985,841	(1,354,750)	1,631,091

NOTES TO THE COLLECTION FUND

Notes to the Collection Fund

G1. Council Tax System

Under the council tax system, Cotswold District Council must collect each year enough money from residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges.

Council Tax was introduced on 1 April 1993, and is a property-based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2024/25.

Valuation Bands	Estimated number of taxable dwellings*	Ratio	Equivalent number of Band D dwellings
A- Band A - entitled to disabled relief reduction	2.25	5/9	1.25
A up to £40,000	2,371.32	6/9	1,580.88
B £40,001 - £52,000	3,767.11	7/9	2,929.98
C £52,001 - £68,000	9,187.73	8/9	8,166.87
D £68,001 - £88,000	6,698.03	1	6,698.03
E £88,001 - £120,000	6,017.90	11/9	7,355.21
F £120,001 - £160,000	4,861.66	13/9	7,022.40
G £160,001 - £320,000	4,600.69	15/9	7,667.82
H over £320,001	712.75	18/9	1,425.50
Contributions in lieu (South Cerney Barracks)	137.00	-	137.00
			42,984.94
Adjustments for collection rates and anticipated changes during the year			-129.61
* adjusted for discounts and exemptions			42,855.33

The total number of "equivalent Band D dwellings" is divided into the total cost of services to arrive at an "average Band D Tax" per dwelling. Dwellings in bands below "Band D" will pay proportionately less than this average and dwellings in bands above "Band D" will pay proportionately more than this average.

The above calculations resulted in an "average Band D Tax" of £2,061.83 per dwelling for 2024/25 (2023/24 - £1,967.79) This figure includes precept figures payable to Gloucestershire County Council, the Police and Crime Commissioner for Gloucestershire and Cotswold District Council but excludes the amount payable to Town & Parish Councils.

NOTES TO THE COLLECTION FUND

G2. National Non-Domestic Rates

Under the Business Rates Retention Scheme the Council acts as both principal and agent, in that it is able to retain 40% of the net standard business rates collected within the local area as income within its own budget, net of tariff payable to central government, as well as 100% of net rates from properties relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 10% to Gloucestershire County Council.

The Council is a member of the Gloucestershire Business Rates Pool, in which any levy payment or safety receipt is 'pooled' across several authorities. This enables each pool member to benefit from a lower levy rate payable should the growth in its business rates exceed its levy threshold, whilst receiving from the pool a safety net payment should its rates fall below its safety net threshold, contributed by the pool member.
In 2024/25 the Authority benefited from a Pool distribution of £478,908 (£440,690 in 2023/24).

	2023/24 £	2024/25 £
Total Non Domestic Rateable Value at 31 March	£103,346,738	£102,968,491
National Non-domestic Rate Multiplier - Higher	51.2	54.6
National Non-domestic Rate Multiplier - Lower [Small Business]	49.9	49.9

The Business Rates receivable amount on the face of the Collection Fund Account is lower than the total of Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs including Small Business Rate Relief and other mandatory and discretionary rate reliefs.

G3. Taxpayers' Arrears & Provisions for Uncollectable Amounts

Provision has been made for uncollectable taxpayers' debts. At 31 March the provisions on the Collection Fund were as follows:

	2023/24 £	2024/25 £	% of arrears
Council Tax	(195,839)	(947,496)	18.6%
National Non Domestic Rates	(586,201)	(553,081)	28.4%
	<u>(782,040)</u>	<u>(1,500,577)</u>	

G4. Business Rates – Disregarded Amounts

From April 2013 the Council was allowed to retain 100% of the growth from the business rates associated with renewable energy sites. All such growth is transferred to the Council's General Fund.

NOTES TO THE COLLECTION FUND

G5. Collection Fund Balance Sheet Apportionment

The balances on the Collection Fund are shared between the Council and its major precepting authorities (Gloucestershire County Council and the Gloucestershire Police and Crime Commissioner), in proportion to their precepts. The Fund balance for non-domestic rates is shared between the Council, Gloucestershire County Council and central government, in the statutory proportions.

The respective authorities' share of the balance is as follows at 31 March 2025:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	614,822	3,755,586	n/a	720,149
Bad Debt Provision	(114,436)	(699,020)	n/a	(134,040)
Prepayments and Overpayments	(259,462)	(1,584,898)	n/a	(303,911)
(Surplus) / Deficit at 31 March	(163,535)	(999,047)	n/a	(192,168)
Business Rates				
Debtors	778,087	194,522	972,608	n/a
Bad Debt Provision - Tax Payers	(221,232)	(55,308)	(276,541)	n/a
Appeals Provision	(1,082,350)	(270,588)	(1,352,939)	n/a
Prepayments and Overpayments	(338,261)	(84,565)	(422,827)	n/a
(Surplus) / Deficit at 31 March	1,194,333	298,584	1,492,923	n/a

The apportionment of the balances on the Collection Fund as at 31 March 2024 is as follows:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	602,997	3,753,832	n/a	726,929
Bad Debt Provision	(23,229)	(144,607)	n/a	(28,003)
Prepayments and Overpayments	(305,962)	(1,904,701)	n/a	(368,845)
(Surplus) / Deficit at 31 March	(91,720)	(570,983)	n/a	(110,571)
Business Rates				
Debtors	852,826	213,206	1,066,032	n/a
Bad Debt Provision - Tax Payers	(234,481)	(58,620)	(293,100)	n/a
Bad Debt Provision - Appeals	(1,141,714)	(285,430)	(1,427,141)	n/a
Prepayments and Overpayments	(288,488)	(72,122)	(360,611)	n/a
(Surplus) / Deficit at 31 March	230,207	57,553	287,764	n/a

ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT 2024/25

1. SCOPE OF RESPONSIBILITY

Cotswold District Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for;
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

The Council has a Best Value duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)” (‘the Framework’). This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its “Statement on the Role of the Chief Finance Officer in Local Government (2015)”. The Annual Governance Statement (AGS) reflects compliance with this statement for reporting purposes.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled including activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

The governance framework has been in place at Cotswold District Council for the year ended 31st March 2025 and up to the date of approval of the Annual Statement of Accounts.

The Council continues to recognise the economic challenge across the UK which places significant impact on the Council, its residents and businesses. A cross party Cost of Living Group continues to meet focussing on actions the Council could deliver directly, deliver in partnership with other organisations, or seek to influence or promote to help the local community through the economic crisis.

3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council’s governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuring that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the role of the chief financial officer in public service organisations (September 2023)
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- Behaving with Integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of the law

- The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Council's Constitution is reviewed and updated regularly as required. During 2024/25, the following updates have been made to the constitution:
 - Update of the Planning Scheme of Delegation and Planning Protocol
 - Update to the Standards Sub-Committee Procedure.
 - Updated Arrangements for dealing with Code of Conduct Complaints.
 - Update to Part D8: Matters of Urgency.
 - Addition of a Local Ward Member Protocol.
 - Minor amendments to Part D6: Overview & Scrutiny Committee Procedure Rules relating to budget management.
 - Addition of a Protocol for Webcasting Meetings.
 - Updates to Part D1 relating to how questions on notice are dealt with at Cabinet & Committee.
 - Updated Probity in Licensing Protocol.
 - Updated Contract Rules.

- Declarations of interest are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting.
- The Council has a register of member interests, maintained by the Monitoring Officer, in which all registrable interests must be entered for both the elected Member and their spouse or partner. Members are reminded on a periodic basis of the need to register their interests. Registrable interests include gifts and hospitality received by members.
- An employee declaration is completed annually by all staff. A register of gifts, hospitality and corporate sponsorship is maintained by the Corporate Responsibility team and is reviewed by the Governance Group. The policy and process for gifts, hospitality and sponsorship was updated in 23/24, and reminders are sent out at key times such as the Christmas period when gifts are more prevalent.
- The Monitoring Officer and Section 151 Officer report directly to the Chief Executive and are members of the Corporate Leadership Team.
- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit & Governance Committee.
- All HR policies were reviewed and approved by Council in 2023/24 and any further updates are now undertaken and brought back to Council as required. Further reviews are also being undertaken following a decision to bring a number of services back in-house.
- A Whistleblowing policy is in place and any reports are investigated by the Counter Fraud and Enforcement Unit (CFEU). The Whistle Blowing policy has been reviewed and updated in 24/25. A review of whistle blowing reports is undertaken on an annual basis.
- A Counter-Fraud and Enforcement Unit, which delivers services across Gloucestershire, in West Oxfordshire District Council and is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to the Audit & Governance Committee twice a year.
- Meetings are minuted, with decisions and key actions recorded appropriately and published on the Council website. The meetings are also lived streamed.
- A two-day LGA follow-up peer review was completed in November 2024 to assess progress against the key areas for improvement recommended in the October 2022 LGA peer review. The final report has now been received with feedback on the progress made by the Council against the original Corporate Peer Challenge recommendations and action plan.
- As part of the transition of services from Publica back to the Council on 1 November 2024, a dedicated CDC communications team is now in place. As part of this, the Communications Strategy for the council will be reviewed and updated to ensure communications are reaching our residents.
- A new Governance Group has been established following the transition of services back to the council which is focused solely on CDC rather than across our Publica partnership. This ensures sufficient focus and scrutiny is given to our internal governance arrangements.

B. Ensuring openness and comprehensive stakeholder engagement

- Openness
 - Engaging comprehensively with institutional stakeholders
 - Engaging with individual citizens and service users effectively
- The council is committed to listening to the views of local people to help ensure that it is able to provide effective services in line with their needs
 - Consultation and community engagement is seen as an integral part of service planning, budget setting and decision-making
 - Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.

- The Council's Corporate Plan has been updated to 2024-2028, along with an action plan. This is available on the Council website.
- All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change implications to aid understanding of the potential impact of their recommendations.
- The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution
- The relationship between Overview & Scrutiny Committee and Cabinet is important to the overall governance arrangements of the Council. To support this, an annual Overview and Scrutiny Committee report is presented to Full Council to demonstrate the impact of Overview and Scrutiny and the effectiveness of the Executive/Scrutiny Protocol (Part E10 of the Constitution).
- A Scheme of Delegation for Planning officers is included within the Constitution. The Council approved a revised and comprehensive Scheme of Delegation for officers in January 2024. This has subsequently been reviewed following employees transferring back to the Council on 1 November 2024, and will be reviewed again following the proposed transfer on 1 July 2025.
- The Council has a planning protocol which sets out guidance for both Officers and Councillors when determining Planning applications, specifically those which come before the Planning and Licensing Committee for decision. The protocol sets out the conditions for Members to refer applications within the District to the Planning and Licensing Committee. Referrals are reviewed by a Review Panel which considers which applications should proceed to the Committee. The Minutes of the Review Panel are circulated to all Members.
- As part of the transfer of services back to the council, communications channels with our employees have changed to reflect that the employees are now directly employed. Communications include one-to-one meetings with line managers, blogs and video updates from the Chief Executive Officer, all staff briefings, and a newly developed Cotswold District Council internal portal which contains information such as informal blogs, policies, and further details of key information.
- As part of the transition of services back under direct council delivery, a lot of work has been undertaken to develop new council values and a people strategy. The development of these have been undertaken through consultation with our employees through workshops, 1:1s, employee surveys and all staff briefings. The employee strategy will be approved by Cabinet in September 2025.
- A Customer Feedback form is available publicly for handling of comments, complaints and compliments. The Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey was carried out throughout some of the year, satisfaction for services delivered face to face and telephone were high.
- A new customer complaints policy was approved at Audit and Governance and will be implemented in April 2025. This new policy complies with the new Ombudsman Code for complaint handling and will change the internal complaints process from a three-stage process to a two-stage process before the complainant can escalate to the Ombudsman. An annual report will be presented at Audit and Governance on complaints.
- The Council maintains clear channels of communication with all sections of the Community and other Stakeholders.
- Public question time is available at all public council meetings
- A report is produced quarterly for the Overview and Scrutiny Committee and Cabinet regarding the service and financial performance of the Council and achievements towards its aims and objectives.
- The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information request and the procedure that will be followed to answer the request.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Defining outcomes
- Sustainable economic, social and environmental benefits
- The Council's vision is contained within the Corporate Strategy, 2024 - 2028 which sets out how we will achieve our aims and deliver our priorities. The strategy was first developed in 2020 and this has since been updated in 2022 and again in 2024 as a number of projects have progressed and the local and national picture has developed.
- Ubico deliver the Council's waste and environmental services and produce an annual Business Plan which is approved by the Council. The Business Plan for 25/26 was approved by Cabinet in March 2025.
- An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance. The Business Plan for 2025/26 has been considered by the Leader and CEO and approved under delegated authority.
- Key tasks identified in the business planning process feed into individual work plans/appraisals.
- The Corporate Strategy deals with the Council's approach to environment and sustainability issues. Detailed proposals arising from the Corporate Strategy are Individually assessed as they are developed and are included within decision making reports to Members.
- The Council has declared a Climate Emergency and Ecological Emergency and has a separate strategy and action plan on how these will be addressed within the district.
- In 2024, the council, through their waste provider Ubico, made significant changes to the waste and recycling service to create efficiencies. 60% of households now receive their collections on a different day and / or on a different week.
- The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy, revenue budgets and capital programme. These key financial documents are updated annually in advance of the forthcoming financial year.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes
- The Council has, with three other Councils, created a Teckal company, Publica Group (Support) Ltd (Publica), to deliver a significant number of council services. Where possible, processes have/are being aligned to ensure consistency across the partner Councils. However, the Councils have retained decision making powers over service policies, outcomes and standards. Publica is one of the Council's most significant contractors. In recognition of this and the controlling interest the Council must have as a Teckal Company, the Council will monitor the contractor's performance by:
 - Considering Publica's Annual Report at Council;
 - Considering Publica's draft Business Plan annually at the Overview and Scrutiny Committee and Cabinet in February/March each year;
 - Requiring representatives from Publica to attend Overview & Scrutiny Committee to support discussion on quarterly performance reports;
 - Receiving monthly "Keeping You Connected" updates by email from Publica to all Members;
 - Inviting Publica senior officers to attend monthly informal Cabinet meetings to discuss: progress against the Business Plan; identify any key risks and challenges outside of the company or Council control; budget monitoring and service delivery matters; progress against Corporate Plan
 - Creation of fortnightly CDC retained officers/Publica Executives meetings where performance and progress against Corporate Plan priorities is a key agenda item.
 - Develop informal mechanisms to share best practice, learning and Councillor development.

- Given the creation of Publica is seven years on, all Shareholder Councils jointly conducted a detailed review of future options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review examined the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this. See also the first paragraph in Section E. Following on from this, in October 2023, a decision was made to commence the in-sourcing of a number of services from Publica back to direct council delivery. The transition of these services was successfully completed on 1 November 2024. These services were directly linked to council priorities, retaining Publica to focus on the delivery of council back-office functions.
- Further services have been approved for transferring back to the Council in Cabinet and Council in March 2025. These services are planned to transfer back in July 2025.
- As part of the review of Publica, a review of the Publica Governance arrangements has also been undertaken, and any changes will be implemented in 25/26.
- The Council continues to secure savings through improved use of its assets and investments. The Cabinet Transform Working Group (CTWG) met during 2024/25 to consider savings proposals. As set out in the February 2025 Medium-Term Financial Strategy (MTFS), CTWG will need to develop further savings proposals and consider service transformation to ensure service costs are contained within the financial envelope set out in the MTFS.
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- The Strategic risk register is reviewed regularly by the Local Leadership Team and reported to the Audit and Governance Committee. A detailed review was undertaken in 2024/25 to ensure the Risk Register reflected the strategic risks for the council. A revised Risk & Opportunities policy is scheduled to be presented to Audit and Governance Committee in May 2025.
- Projects and services maintain their own risk registers and elevate any high/red risks to the Local Leadership Team and Publica as appropriate for consideration. Risk is reviewed by the councils senior leadership team.
- Key Performance Indicators are identified and are reported quarterly to both Cabinet and Overview and Scrutiny.
- Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.
- The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals
- One of the reasons behind the creation of Publica was to increase service delivery capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke and specialist advice. As part of the review cited at the second paragraph in section D above, the Council has now considered how the Publica governance model and Executive arrangements support the Council's Retained Officers' capacity to lead the Council and develop ideas, strategies and political engagement. This has resulted in services being transferred back to the Council, and new posts created to ensure there is capacity and capability to manage and deliver these services moving forward. Publica is now focused on delivery of council back-office transactional functions.
- A mixed operating model with the provision of services via two wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth

of experience from a range of different economic sectors. Councillors also have a range of experience which is a valuable asset to the Council.

- There is a Scheme of Delegation at Member level covering the Council, Cabinet, individual Cabinet Members and other committees. Similarly, there is a scheme of delegation for officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures at Council and Officer level change.
- Financial rules are in place and are reviewed and revised as required.
- Induction programmes are available to new employees and Members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings.
- Officers undertake regular 121 meetings with their line manager. As part of these 121 meetings, Officers discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge.
- The Chief Executive, the Section 151 Officer, the Monitoring Officer and the Leader of the Council have clear roles and responsibilities and these are contained within the Constitution along with the Member/Officer Protocol.
- Training is also provided for officers on an on-going basis as appropriate and necessary.
- A Leadership Development Programme has been established and is available to Managers at all levels within Publica and the Council.
- In response to the Peer Review, during 2022/23, more focus was given to Member Training and Development including the creation of a cross party Members Development Strategic Steering Group (MDSSG) to oversee the learning and development of Councillors. The group has implemented a range of initiatives including a comprehensive induction pack and induction programme. Supplemented with a buddying system linking newly elected members with experienced officers. In addition to an ongoing training and development programme including monthly briefings open to all members on pertinent issues within the organisation and district.
- In 24/25, the council invited the LGA Peer Review to undertake a review of progress against the recommendations made in the full peer review. An action plan was developed to ensure all recommendations are addressed.

F. Managing risks and performance through robust internal control and strong public financial management

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

- The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit & Governance Committee on a regular basis.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary.
- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.

- Performance is measured on a regular basis and reported to the Overview and Scrutiny Committee and Cabinet. Service and Financial Performance reports are received by Overview & Scrutiny Committee and Cabinet each quarter.
- Minutes of meetings are published and highlight the challenge made by Members to Officers and Cabinet Members.
- There is improved oversight of key projects and associated risks.
- The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities. The internal audit team provides the internal audit service to both the Council and Publica Group (Support) Ltd which strengthens the Council's oversight of Publica as one of its most significant contractors.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit & Governance Committee prior to the financial year.
- Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit & Governance Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and findings reported to the Audit & Governance Committee.
- The Audit & Governance Committee's Terms of Reference are contained within the Constitution; Members have experience of a scrutiny role and training is provided when appropriate. The Committee includes two independent members who provide an impartial challenge making valuable contributions to the governance of the authority.
- A Counter Fraud & Enforcement Unit is hosted by this Council and supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud & Enforcement Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by Management.
- An ICT Audit and Compliance Manager performs the role as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that officers are informed and appropriately trained. The CEO is the Council's Senior Information Risk Owner (SIRO) and has ultimate responsibility for data protection.
- The Council is part of the Gloucestershire Information Sharing Partnership. This enables data to be shared when necessary.
- Audit reviews ensure data is held securely whether electronically or hard-copy.
- The MTFS is reviewed and updated on a regular basis to ensure the Section 151 Officer, Chief Executive and Members are aware of the financial standing of the Council.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- **Implementing good practice in transparency**
- **Implementing good practices in reporting**
- **Assurance and effective accountability**

- Transparency data is published on the Council's website.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit & Governance Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to the Audit & Governance Committee, further follow-up is planned if recommendations have not been actioned in full.

- The Council has a process for the receipt and processing of freedom of information requests made under the Freedom of Information Act.
- There is a presumption that all reports and the associated annexes to be considered in public meetings will be published. The Council's Legal Officer is consulted in circumstances where reports or annexes contain information which is considered to be exempt from publication.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Head of Internal Audit, the officer Corporate Governance Group and comments made by the external auditors, other review agencies and inspectorates.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:

- Senior Managers within Publica and the Council complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.
- The Council's Leadership Team (including the Chief Executive, Section 151 Officer, the Monitoring Officer and the Publica Locality Assistant Directors) review the Corporate Risk Register on a quarterly basis. Service and Project Risk Registers are maintained by the relevant Publica Group or Business Manager.
- A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests, gifts and hospitality, action taken on audit recommendations, cyber security, the register of data protection breaches and counter fraud updates.
- A review of Public Interest Reports and other key reports is completed to identify any potential learning and organisational risks.
- The SWAP Assistant Director (Head of Internal Audit) provides the Audit & Governance Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.
- Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined by the Monitoring Officer and an Independent Person(s). The Audit & Governance Committee oversees the framework of the Code of Conduct for Members on an annual basis.
- Induction processes are carried out for newly elected Members and appointed officers.
- The Section 151 Officer ensures training and awareness sessions are carried out for the Audit & Governance Committee periodically.
- The External Auditors, Bishop Fleming, present progress reports to the Audit & Governance Committee.
- The External Auditor's Annual Report and follow-up of management responses to issues raised in the Report or other reports are overseen by the Audit & Governance Committee.
- Quarterly performance reports, including the budget position, are presented to the Overview and Scrutiny Committee and Cabinet, demonstrating performance management against agreed performance indicators and budgets.
- The Audit & Governance Committee reviews the Annual Governance Statement.
- The Audit & Governance Committee reviews the Annual Statement of Accounts, the Capital Strategy, Investment Strategy, Treasury Management Strategy and reports from both Internal Audit (SWAP) and External Audit (Bishop Fleming, including quarterly progress reports).
- Council approves the annual budget and approves the Capital Strategy, Investment Strategy and Treasury Management Strategy, following recommendations from the Audit & Governance Committee.

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- Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the management.
- The Annual Internal Audit Opinion for 2024/25 is 'reasonable', in respect of the areas reviewed during the year".
- The Council's Financial Rules and Contract Rules are kept under review and revised periodically.
- Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP and/or the Council's appointed external auditors are also reviewed.
- A new customer complaints process is being implemented from 1 April 2025 which aligns to the Local Government Ombudsman Complaint Handling Code. This was approved by the Audit and Governance Committee on 21 November 2024.

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5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2024/2025

When preparing its 2023/2024 statement, the Council identified a number of areas which required focus and attention. Progress by the end of March 2024 is detailed in the table below:

Green	On target
Amber	Off target but action being taken to ensure delivery (where this results in a reviewed target date, this is made clear in the table)
Red	Off target and no action has yet been agreed to resolve the situation.
Complete	Action has been completed

No	Key Area of Focus	Planned Actions	Update	Owner / Target Date
1	Freedom of Information	<ul style="list-style-type: none"> Improve response times to Freedom of Information requests to ensure compliance with the relevant Act Publish a greater range of information to reduce the need to respond to regularly made Freedom of Information requests 	<ul style="list-style-type: none"> Review undertaken and now performing above 90% Work underway to further develop website and internal guidance for Managers 	BM Gov March 2025
2	Complaints Process	<ul style="list-style-type: none"> Introduce a revised customer complaints process which aligns to the new Customer Complaints Code issued by the Local Governance 	<ul style="list-style-type: none"> New complaint process approved and ready for implementation on 1 April 2025 	BM Gov March 2025
3	New service delivery models	<ul style="list-style-type: none"> Conclude the review of future service delivery options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead Insourcing services back from Publica and examine the priorities for a new service delivery model 	<ul style="list-style-type: none"> Phase 1 successfully transferred on 1 November 2024 Phase 2 recommendation presented at Overview & Scrutiny, Cabinet and Council in March and approved Phase 2 transfer date, subject to consultation, 1 July 2025 	CEO November 2024

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		<ul style="list-style-type: none"> Implement options for efficiency and transformation Develop new values and behaviours 	<ul style="list-style-type: none"> Decision to 'pause' following phase 2 due to Devolution / Local Government Reorganisation New values and behaviours under development with CDC employees. 	
4	Council Constitution and Code of Corporate Governance	<ul style="list-style-type: none"> Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model Undertake a full review of the Council's Code of Corporate Governance to reflect the new service delivery model 	<ul style="list-style-type: none"> The Council constitution has been reviewed following the transfer of services under phase 1. This action will carry over into next financial year, as a further review will need to be completed when the phase 2 transition of services is complete. 	Dir Gov March 2025
5	Emergency Planning and Business Continuity	<ul style="list-style-type: none"> Ensure the Council has resilience and can respond effectively in the event of a significant local incident under the new service delivery model Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model To test the business critical Business Continuity Plans in 2024-25 	<ul style="list-style-type: none"> Locality on-call, response team and rest teams now in place. On-call by locality will commence from 1 April 2025 Employees who hold a role in Emergency Planning have all been trained and ongoing training is in place. BCPs have been reviewed annually and services which have transferred have reviewed their BCPs for any changes. BCP process being reviewed inline with best practice and any changed will be implemented over the next 12-18 months. 	BM GOV March 25
6	Risk Management	<ul style="list-style-type: none"> To review the Risk Management Policy To complete a risk maturity self-assessment 	<ul style="list-style-type: none"> Risk Policy is currently being reviewed and will be tabled at May Audit and Governance Committee. Risk maturity self-assessment will be undertaken as part of the internal audit of risk 	BM GOV March 25

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7	Financial Management	<ul style="list-style-type: none"> To review the financial procedure rules and financial processes to be completed in 2024/25 against the CIPFA Financial Management Code. 	<ul style="list-style-type: none"> The financial Rules and processes are currently in the process of being reviewed in advance of being submitted to the Constitution Working Group (CWG) and Council for approval in the next financial year. 	CFO March 2025
8	Procurement	<ul style="list-style-type: none"> Implementation of the Procurement Act 2023 and subsequent revision of contract procedure rules To train officers as required. 	<ul style="list-style-type: none"> The act is now live and contract procurement rules will be presented to CWG and Council for approval in March. Training is scheduled for the new Financial Year. A toolkit is being developed for use by officers who undertake procurement 	BP Proc March 2025
9	Peer Review	<ul style="list-style-type: none"> To complete the Action Plan from the outcomes of the Peer Review. 	<ul style="list-style-type: none"> A follow-up peer review was carried out in November 2024 to assess progress. Cabinet to receive the Peer Review Progress report at the July meeting. 	CEO March 2025
10	Legislative Changes	<ul style="list-style-type: none"> To keep abreast of any legislative changes and Government Policy and action where required. 	<ul style="list-style-type: none"> Watching brief 	Dir Gov

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6. GOVERNANCE ACTION PLAN FOR 2025/2026

In preparing this statement and reviewing the effectiveness of the governance arrangements a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

	Key Area of Focus	Planned Actions	Update	Responsible Officer / Date	Status
1	New service delivery models	<ul style="list-style-type: none"> To complete the phase 2 transition of services To ensure new services are embedded into the CDC culture 		Chief Executive Officer 31/03/2026	
2	Council Constitution	<ul style="list-style-type: none"> Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model following phase 2 transfer of services 		Director of Governance 31/03/2026	
3	Business Continuity	<ul style="list-style-type: none"> Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model To test the business-critical Business Continuity Plans 		Business Manager Governance 31/03/2026	
4	Procurement	<ul style="list-style-type: none"> To ensure officers are trained and competent in the new Procurement Act 2023 To develop a toolkit for use by officers who undertake procurement 		Business Partner Procurement 31/03/2026	

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5	LGR / Devolution	<ul style="list-style-type: none"> To ensure CDC and our partner organisations are prepared / ready in advance of LGR / Devolution To place our staff in the best position possible, through training, development and support. To ensure CDC are in the best financial position possible pre and post LGR / Devolution. 		Chief Executive Officer 31/03/2026	
6	Service Plans	<ul style="list-style-type: none"> To have service plans in place for all business areas, delivered directly by the council and its partners 		Service / Business Managers 30/06/2026	
7	CDC specific policies	<ul style="list-style-type: none"> To ensure all CDC specific policies are up to date and comply with relevant legislation To produce new policies and procedures where required. 		Service / Business Managers 31/03/2026	
8	Internal Audit	<ul style="list-style-type: none"> Ensure all agreed actions are completed and that any issues identified are appropriately followed up 		Service / Business Managers 31/03/2026	

7. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of Cotswold District Council:

Date: 12/2/26

Date: 12/2/26

(END)

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Cotswold District Council

We have audited the financial statements of Cotswold District Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The Chief Finance Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant government body of the intention to dissolve the Authority without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements.

In auditing the financial statements and having regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the

INDEPENDENT AUDITOR'S REPORT

extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view,

INDEPENDENT AUDITOR'S REPORT

and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance;
- We have considered the results of enquiries with management, internal audit and the Audit and Governance Committee in relation to their own identification and assessment of the risk of irregularities within the entity, and whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;
- Any matters identified having obtained and reviewed the Authority's documentation of their policies and procedures relating to:
 - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK) we are required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Authority operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2024), the Local Government Act 2003, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).

In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Authority's ability to operate

INDEPENDENT AUDITOR'S REPORT

or avoid a material penalty. These include data protection regulations, health and safety regulations, employment legislation, and money laundering legislation.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing Committee meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;
- Challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings, valuations of investment property and defined benefit pensions liability valuations; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including material misstatements in the financial statements or non-compliance with regulation, will be detected by us, even though the audit is properly planned and performed in accordance with the ISAs (UK). The risk increases the further removed compliance with a law or regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one-off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory matters

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except that in our 2024-25 Auditor's Annual Report issued in November 2025, we identified a significant weakness in the Authority's arrangements for governance in respect of procurement. This was following an investigation by the Authority's Counter Fraud and Enforcement Unit. We noted that whilst the Authority has a number of written processes in place surrounding procurement including its Constitution, Codes of Conduct and Financial Rules, there was evidence during 2024-25 of senior officers and an elected member involved in procurement being able to bypass/ override the Authority's procurement arrangements preventing the opportunity for effective challenge by appropriate statutory officers and elected members. We have recommended that the Authority should:

- urgently implement the recommendations made by the Counter Fraud and Enforcement Unit following its procurement investigation; and

INDEPENDENT AUDITOR'S REPORT

- ensure that procurement arrangements are periodically reviewed to ensure they are being followed appropriately and can demonstrate appropriate value for money.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024 and related statutory guidance. We considered whether the Authority has proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements –Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Cotswold District Council for the year ended 31 March 2025 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

- confirmation from the National Audit Office that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and Authority's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alex Walling, Key Audit Partner
for and on behalf of Bishop Fleming Audit Limited
Chartered Accountants and Statutory Auditors
Bristol
12 February 2026

Glossary

Accounting Period

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Statements

The Council's Core Financial Statements and Supplementary Financial Statements.

Accruals

Sums included in the accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses [Defined Benefit Pension Scheme]

Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

Amortisation

A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the Authority; similar to the depreciation charge for non-current assets.

Appointed Auditors

The Local Audit and Accountability Act 2014 includes a statutory requirement that a local Authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2023/24, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSAA) for Local Government Authorities that have opted into its national scheme. Bishop Fleming LLP is the Council's appointed auditors for the period 2023/24 to 2027/28.

Billing Authority

A local Authority responsible for collecting Council Tax and National Non-Domestic Rates.

Business Rates (NNDR/NDR)

Rates payable on business (non-domestic) premises based on their Rateable Value.

Capital Expenditure

Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

Capital Programme

The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts

Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

Collection Fund

A statutory fund maintained by a billing Authority, which is used to record local taxes and Non-Domestic Rates collected by the Authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing Authority's General Fund.

Community Assets

Assets, which the Authority intends to hold in perpetuity, that have no determinable finite useful life and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

Contingent Asset

A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

Council Tax

A local tax on domestic properties set by the billing and precepting authorities. The level is determined by the revenue expenditure requirements for each Authority divided by the tax base for the year.

Council Tax Base

The amount calculated by each billing Authority from which the entitlement of its share is derived.

Creditors

Amounts owed by the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been made.

Current Service Cost [Defined Benefit Pension Scheme]

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

Curtailment [Defined Benefit Pension Scheme]

An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Debtors

Amounts due to the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been received.

Depreciation

The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

Direct Revenue Financing (DRF)

Resources provided from an Authority's revenue budget to finance the cost of capital projects.

Events After the Balance Sheet Date

Those (non-adjusting) events, both favourable and unfavourable, of such materiality that their disclosure is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are authorised for issue by the responsible financial officer.

Exceptional Items

Events or transactions that fall within the ordinary activities of the Authority and need to be disclosed separately due to their size to give fair presentation of the accounts.

Expected Return on Assets [Defined Benefit Pension Scheme]

For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Under a finance lease, the present value of the lease payments would equate to the fair value of the asset.

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability

An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

General Fund (GF)

The main revenue fund used to meet day-to-day spending on providing Council services.

Government Grants

Grants made by the Government towards either revenue or capital expenditure to support the cost of providing the Authority's services. These grants may be specifically towards the cost of particular schemes ("Specific") or to support the revenue spend of the Authority ("Non-Specific").

Impairment

A reduction in the carrying value of a fixed asset below its carrying value due to obsolescence, damage or an adverse change in the statutory environment.

Infrastructure Assets

A class of asset whose life is of indefinite length and which are usually not capable of being sold, such as highways and footpaths.

Intangible Assets

Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights e.g. IT Software.

Inventories

Items of raw materials and stores an Authority has procured to use on a continuing basis and which it has not yet used.

Investment Property

Land and Buildings non-current assets held only for investment potential.

Liability

A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability

Local Council Tax Support Scheme

Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements to a reader.

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet.

Net Interest on the Net Defined Benefit Liability [Defined Benefit Pension Scheme]

The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

Non-Current Assets

Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

Non-Current Liabilities

Amounts, which will become due or could be called upon beyond the next accounting period.

Non-Operational Assets

Assets held by the Authority but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus land.

Operating Leases

A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

Operational Assets

Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs [Defined Benefit Pension Scheme]

The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

Precept

A levy made by one statutory body (Precepting Authority) on another to meet the net cost of its services.

Precepting Authorities

Those authorities that are not Billing Authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are „major“ precepting authorities and town and parish councils are 'local' precepting authorities.

Prior Period Adjustments

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions

Amounts set aside for the purposes of providing for any liability or loss, which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

Prudential Code

The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2017 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and produce a capital strategy to give weight to local circumstances and explain their approach to borrowing and investment.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transactions

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

Reserves

Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

Revenue Expenditure

Day to day spending on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.

Revenue Expenditure Funded by Capital Under Statute (REFCUS)

Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

Revenue Support Grant

A general grant paid by the Government to Council's contributing towards the costs of their services.

Specific Grants

The term used to describe all government grants, including supplementary and special grants, to local authorities other than Revenue Support Grant and capital grants.

Total Cost

The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

Work In Progress

The cost of work carried out on an uncompleted project at the Balance Sheet date, which should be accounted for within the accounting period.

CIPFA (Chartered Institute of Public Finance and Accountancy)

CIPFA is the professional institute for accountants working in the public sector and the body that publishes the Code of Practice.

IFRS (International Financial Reporting Standards)

IFRS is a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board.

IPSAS (International Public Sector Accounting Standards)

IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

MHCLG (Ministry of Housing, Communities and Local Government)

The Ministry of Housing, Communities and Local Government (formerly the Department of Levelling Up, Housing and Communities) is the UK Government Department responsible for housing, communities and local government.

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