



**COTSWOLD**  
DISTRICT COUNCIL

**STATEMENT OF ACCOUNTS (UNAUDITED)**  
**2022/23**

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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 the last elections relevant to the 2022/23 financial year taking place in May 2019. The political make-up of the Council in 2022/23 included 18 Liberal Democrats, 14 Conservatives, one Independent and one Green Party Councillor. District elections took place in May 2023 where the Liberal Democrats retained political control.

The administration set out its aims, priorities and underlying principles that set the direction for the Corporate Strategy for the Council for the period 2020-2024. The strategy was updated in 2022 as projects have progressed and the local and national picture has developed. The refresh sought to reflect key achievements since the introduction of the Plan, and clarify the priorities over the remaining period of the plan (to April 2024)

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:

- Deliver the highest standards of service
- Respond to the climate crisis
- Provide socially rented homes
- Make our Local Plan green to the core
- Support health and well-being
- Enable a vibrant economy.

The financial impact of these priorities was reflected in an update to the Medium-Term Financial Strategy during 2022/23.

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

Items of note in relation to 2022/23 include:

- The rising energy prices and higher cost of living is affecting households, in particular those on low incomes. Both Cabinet and Council received a report on how the Council is responding to the Cost of Living and Warm Places motions. Funding allocations for specific initiatives were approved including match funding of £20,000 for the Council Tax Hardship Fund which could be used to provide one-off support in specific financial circumstances, and £40,000 from the Council Priorities Fund towards establishing a food network. Existing external funding of £75,000 which the Council receives for community-based activity has been ringfenced to the 'Cotswold Connected Community and Food Programme'.
- The Council paid £3.9m to 26,052 households for the Council Tax £150 rebate scheme in the year but has still seen an increase in applications for reductions in Council Tax in special circumstances (S13 1A).
- Capital works to the Council Offices totalling £0.975m to facilitate the Council's Agile Working policy and generate commercial income began in 202/23. In September 2022, Cabinet agreed to pursue a more sustainable solution for the roof repairs at Trinity Road. The proposed replacement composite panels in the pitched roof should result in an 87% reduction in heat loss energy across each atrium of the roof. The Agile and Atrium Roof Repair projects will be synchronised to minimise the impact on staff and efficiency. The revised layouts will create space in the west wing to be let to tenant. The refurbishment to a number of offices in the West atrium and work to WCs is now complete. Roof repair work will be undertaken in 2023/24.
- The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CCI), which targeted a £500,000 fundraising closed on 16 August 2022, fully funded by over 450 investors. The Cotswold Climate Investment will support a range of projects, including installing publicly available off-street

electric vehicle charging points (EVCPs) around the District to encourage electric vehicle take-up, and improving the energy and carbon performance of the Council's Cirencester offices.

- The Council is continuing to support the 'Homes for Ukraine' scheme in which people in the UK are sponsoring/hosting a Ukrainian individual or family. As of 31 March 2023 there were 73 active hosts/households with 197 guests. Some guests are being rematched with new sponsors as relationships break down or the sponsor does not wish to continue in the scheme.
- Earlier this year, the Council was awarded £1m from the UK Shared Prosperity Fund for the period 2022-23 to 2024-25. The Council's Local Investment Plan, which sets out how the Council proposes to use the funding, was approved by government in December 2022. A further £764,292 was indicatively allocated to the Council from the Rural England Prosperity Fund for financial years 2023-24 and 2024-25. An addendum to the Local Investment Plan was submitted to the government at the end of November 2022 and it was approved in early April.
- The Council and Bromford Housing have entered into a Collaboration Agreement to deliver the Down Ampney housing development. The second public consultation has completed and planning submission expected in September 2023. The planned programme of consultation continues through this year and will help to shape the initial scheme designs for a net carbon zero housing development.
- Collection rates improved for both Council Tax and Business Rates in 2022/23 with comparative performance being part of the refreshed service performance reporting in 2023/24.
- The £380,000 replacement of fitness equipment across the Council's leisure centres has been delivered by SLM Everyone Active (SLM). Gym memberships are up by nearly 20% compared to last year.
- The procurement process for Leisure and Culture Management Contractors is now complete and contracts have been signed with Freedom Leisure.
- Rissington Road car park, Bourton on the Water opened to the public in March 2023 following the improvement works including a new drainage system, resurfacing and layout redesign which will improve customer experience and comply with industry standards.
- Following the resolution of technical difficulties, all three phases of the cashless car parking project have been completed. Moving to cashless parking has multiple benefits. It will support the Council's carbon reduction commitment and reduce the costs associated with cash collection and vandalism of pay and display machines.
- The Council secured £0.267m from the County Council for Round 2 and 3 of the government

funded Household Support Fund. Part of the funding supported families in need with supermarket vouchers as well as registered carers in partnership with Gloucestershire Carers Hub.

- The Community Wellbeing team in partnership with 'World Jungle' delivered the Holiday Activity and Food programme (HAF) in the School holidays. The provision provided a wide range of activities and food boxes, mainly for children in receipt of free school meals. Activities including climbing, cinema, laserquest, ice skating and a visit to Cotswold Wildlife Park.
- Crowdfund Cotswold continues to attract wide interest across the district. The last project from the autumn round, Fairford Skatepark, successfully hit its target in March. This is the largest project so far, with a campaign target of almost £100,000.
- Work is progressing on the Changing Places Toilets project (£162,500 award from government). Cotswold Farm Park now completed. Abbey Grounds, Cirencester has works underway. The remaining two (Birdland and Cotswold Country Park and Beach) are less well-advanced but will be delivered during 2023-2024.

### 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.

### Medium Term Financial Strategy (MTFS)

The Council operates a rolling 4-year MTFS, the latest being approved by Council on 15 February 2023. Despite uncertainties around future funding levels of Government funding, the impact from Covid-19 over the last two years, the cost-of-living crisis and the general economic position, the Council has prepared a sound budget whilst maintaining services to residents. The budget will also provide a platform for Cotswold District to address future challenges.

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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 newly created Cabinet Transform Working Group (CTWG) will need to develop a revised approach to the Council's saving programme to address the budget gap identified over the MTFs period. The approach will look at the design principles required to achieve a robust, balanced and proportionate plan of cost management and income generation opportunities to ensure the Council is able to achieve financial sustainability.

The capital programme includes planned expenditure of £13.899m in 2023/24 with the Council needing to consider the outcome of due diligence work on other potential schemes before any further capital expenditure is committed.

Reserves continue to be held to support the implementation of key projects and to mitigate against the substantial increased risk that the Council is facing. Reserves held to promote financial sustainability are forecast to be depleted during 2026/27 and will require consideration during 2023/24 as to their adequacy for future financial years given the current risks and uncertainties identified in the MTFs. Reserves will be monitored and reported to Cabinet throughout 2023/24. The general fund balance is to be held at a minimum level of £1.760m and the newly created financial resilience reserve held to mitigate the budget gap identified in the MTFs and to facilitate profiling of a savings and transformation plan and support the award of the Leisure and Culture contract over the MTFs period.

The Council is legally required to set a balanced budget for the following financial year and remain balanced. As can be seen in the MTFs, the Council's core financial position is a balanced budget next (after utilisation of the Financial Resilience reserve and other transfers to reserves). However, there is a significant and increasing projected budget gap of £0.860m in 2023/24, £0.206m in 2024/25 and is forecast to increase to £3.025m in 2026/27.

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

MTFS Summary	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s

Net Service Revenue Expenditure	13,625	13,626	13,626	13,626
Corporate Items/Non-Service Income and Expenditure	(812)	(677)	(671)	(656)
Provision for Inflation	1,799	2,336	2,897	3,447
<b>Service and Corporate Items</b>	<b>14,611</b>	<b>15,825</b>	<b>15,852</b>	<b>16,446</b>
Budget Proposals	762	602	564	564
Risk items	500	500	500	500
Savings and Transformation Plan items	(1,510)	(2,358)	(3,323)	(3,351)
<b>Net Revenue Budget</b>	<b>14,363</b>	<b>14,028</b>	<b>13,593</b>	<b>14,159</b>
<b>Total Funding</b>	<b>(13,503)</b>	<b>(13,823)</b>	<b>(11,771)</b>	<b>(11,134)</b>
<b>Budget Gap/(Surplus)</b>	<b>860</b>	<b>206</b>	<b>1,822</b>	<b>3,025</b>

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 the economic recovery from Covid-19 and additional reliefs announced in the Autumn Statement 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 £4.389m in 2023/24. 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



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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 MTFS includes the Council's share of the estimated deficit at the end of 2022/23 of £0.390m.

This year's accounts include a transfer of £4.1m from earmarked reserves of S31 exceptional grant to the general fund to fund the Collection Fund deficit payable in 2022/23.

The table below sets out the forecast for 2023/24 and the estimate for 2024/25.

<b>Business Rates Forecast</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
Non-Domestic rating income (NNDR 1 estimate)	13,201	13,512
Less: Tariff Payment to Government	(12,693)	(13,925)
Less Estimated Levey Payment to Government	(1,477)	(1,134)
Add Renewable Energy Scheme	107	110
<b>Estimated Retained Business Rates</b>	<b>(1,132)</b>	<b>(1,438)</b>
Section 31 Grant Payable	5,521	5,539
<b>TOTAL Funding from Business Rates</b>	<b>4,839</b>	<b>4,101</b>
<b>Assumed BRR Included in MTFS</b>	<b>4,839</b>	<b>4,000</b>

## 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 within the area of the Local Enterprise Partnership. Change in the Pool Levy rate from 15% to 21% as a result of the revaluation will mean less funding remains in the County. Other things being equal, a pool surplus of £1.0m would give rise to a Pool Levy of £0.210m in 2023/24 compared to £0.150m in 2022/23.

The MTFS assumes that any windfall gain associated with the Business Rates Pool will be allocated to the Financial Resilience reserve for 2023/24 to 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 Reform 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.

DLUHC proposed a maximum Council Tax increase of 2% or £5 for 2023/24. The MTFS assumes increases of £5 per annum on a Band D property to 2026/27.

## Financial Assumptions

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

- Provision for the impact of pay inflation on the Publica contract sum of 4% for 2023/24 and 2% each year thereafter;
- Provision for service contract inflation.
- Investment interest returns are expected to generate a 3.81% return.
- 30% reduction in the level of retained business rates income from 2025/26.
- Inflationary increase to central government funding.
- Growth in Council Tax base of 1% per annum.
- Energy Cost inflation of £0.3m.

## Savings Targets

The newly created Cabinet Transform Working Group (CTWG) is developing a revised approach to the Council's Savings Programme to address the budget gap identified over the MTFS period. The programme will set out a revised process for how transformation projects and savings are identified, evaluated, and approved, with clear reporting and monitoring and governance arrangements. This approach will need to be undertaken by officers and members over the course of the 2023/24 financial year to be implemented to cover the new MTFS period.

In order to mitigate the budget pressure outlined above and to set a balanced budget for the year, the draft budget proposals included expenditure savings of £1.095m and Fees and Charges income of £0.415m. Savings proposals have been reviewed to ensure they are robust and can be delivered. The table below provides a summary of the savings included in the MTFS.

<b>Savings</b>	<b>2023/24 (£'000)</b>	<b>2024/25 (£'000)</b>	<b>2025/26 (£'000)</b>	<b>2026/27 (£'000)</b>
Third Party Contract Savings	(500)	(856)	(1,613)	(1,613)



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Corporate Savings	(139)	(335)	(531)	(531)
Other Expenditure Savings	(456)	(601)	(613)	(641)
Corporate Income	0	(151)	(151)	(151)
Subtotal	(1,095)	(1,943)	(2,908)	(2,936)
<b>Fees and Charges</b>				
Other Fees and Charges – Cost Recovery	(186)	(186)	(186)	(186)
Garden Waste – fee increase	(229)	(229)	(229)	(229)
<b>Subtotal</b>	<b>(415)</b>	<b>(415)</b>	<b>(415)</b>	<b>(415)</b>

### 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	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s
Leisure & Communities	1,387	50	50	550
Housing/Planning and Strategic Housing	4,001	1,300	700	700
Environment	1,956	111	377	3,615
ICT, Change and Customer Service	350	150	150	150
UK Rural Prosperity Fund	191	573	0	0
UK Shared Prosperity Fund Projects	28	134	0	0
Land, Legal and Property	500	0	0	0
Transformation and Investment	5,486	0	0	0
<b>Total</b>	<b>13,899</b>	<b>2,318</b>	<b>1,277</b>	<b>5,015</b>

The capital programme includes £0.500m for Asset Management activities in 2023/24 (under the summary heading Land, Legal and Property) recognising the need to manage the existing assets over the initial MTFS period.

The Council will develop a comprehensive Asset Management Strategy supported by detailed asset management plans for the Land and Buildings assets it holds and will be presented to Cabinet in 2023. The strategy and plans will identify and provide a longer-term view (e.g., 5-10 years) of the income and

expenditure profiles, tenant events, hold and disposal options.

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).

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

### Financial Performance

The Council has faced several external budget pressures throughout 2022/23 which will continue to impact the Council's finances over the medium term. There remains significant uncertainty around inflation and interest rates which exert an influence over the Council's budget both directly and indirectly.

At the 31 March 2023, the Council reported an overspend against its net cost of services budget of £1.307m. After taking account of income from Council Tax, NNDR, government grants and transfers to/from reserves this equates to an overspend against the budget of £1.284m.

#### Income

Income from car park fees, fines and permits continued to be impacted by Covid-19 and cost of living crisis leading to a net shortfall of £0.433m.

The Council also saw a shortfall in both planning (£0.190m) and Building Control (£0.082m) income. Income from land charges has also continued to perform below budget with income received being £0.078m below budget at the end of the financial year due to a combination of the impact of the cost of living crisis and the significant rise in free unofficial Personal Searches (through Personal Search Agents).

£0.054m more income has been received in respect of garden waste annual subscriptions in comparison to the full year budget as a result of higher take up than anticipated. Licensing income also performed better than budgeted with income £0.065m higher than budgeted.

Income from recycling has also exceeded budget, recycling credits from Gloucestershire County Council were £0.105m higher than estimated as a result of higher levels of recycling. Increased demand for bulky waste collection has also resulted in an £0.045m overachievement of income.

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Dividends from Pooled Funds and REIT of £0.449m were received in the 2022/23 financial year, achieving a return of over 4% (pooled funds) and around 2.5% (REIT). Interest from short term cash deposits with the Debt Management Office (DMO) was £0.401m and from Money Market Funds £0.204m by the end of the financial year due to interest rates rising at a higher rate than budgeted and larger surplus balances than estimated being available to invest. Interest income of £0.072m budgeted as a result of planned service loans was not achieved as drawdown is expected in 2023/24. Total investment income was £0.510m higher than budgeted by the end of the financial year.

### Expenditure

The majority of the Council's staffing resource is supplied under contract from Publica. The Publica contract was subject to a variation to take account of the higher than budgeted pay award in 2022/23 resulting in a £0.339m adverse variance to budget. The Publica net contract sum for 2022/23 was £10.177m including the final pay award. Publica invoice the Council according to its agreed contract sum for the first 11-months of the year, with reconciliation to the actual cost of the contract at the end of the year.

At the year end, Publica had generated a surplus of contributions from its members. After adjustments in respect of balances due to or from its Members, the Council is due to receive a refund of excess contribution from Publica of £0.166m.

The Council's Environmental Services (grounds maintenance, street cleaning, domestic waste collection, recycling collections etc.) are provided by Ubico Limited. The Ubico contract costs were £0.479m over budget. The overspend was largely a result of higher than budgeted fuel costs, higher than estimated pay award and service growth.

Energy costs were £0.303m higher than the provision included in the 2022/23 budget due to higher gas and electricity prices. Whilst the Council is investing in measures to reduce its energy consumption the significant increase in energy costs following the conflict in the Ukraine has created further budgetary pressure.

The Council has not been required to make a minimum revenue provision charge in 2022/23 resulting in a saving of £0.125m as a result of not undertaking borrowing to support the capital programme.

### **Pensions Liability**

The net pension liability as at 31 March 2023 was £7.188m (£37.920m as at 31 March 2022). 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.

The Council's share of pension fund assets reduced by £3.528m and the liability reduced by £34.260m, resulting in the overall net liability reducing by £30.732m.

The financial and demographic assumptions at 31 March 2023 were more favourable than they were at 31 March 2022, with a positive impact on the pension liability. The future value of pension liabilities is determined by the discount rate, which is based on the yield on investment grade corporate bonds. During the year, the discount rate (net of inflation) significantly increased compared to previous years, which in turn reduced the future value of liabilities. The fund is revalued, and contribution rates are set every three years.

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. A lump sum contribution to the pension fund of £4.902m was made in 2020/21 to cover the period to 31 March 2023 resulting in a revenue saving of £184,000 per annum. The lump sum payment has again provided capacity in the revenue budget to top up the General Fund Balance by £1.634m in 2022/23.

### **Capital Programme (Asset Management)**

In 2022/23, the Council spent £4.560m against a revised budget of £5.879m on:

Capital Programme	£'000
Replacement Leisure equipment	364
Government funded decarbonisation	33
Crowdfund Cotswold	47
Private Sector Housing Renewal Grants (DFG)	1,092
Affordable Housing Stockwells, MiM	550
Affordable Housing – Avening/Davies Road MiM (S106 Environmental Improvements)	333
Ubico Fleet Replacement (recycling and waste vehicles)	53
Waste and Recycling Containers	55
Electric vehicle charging points	31
Packers Lease Depot – Flood Prevention Works	95
Replace/upgrade pay and display machines/upgrade	26
Car Park Improvements	440
Changing Places Toilets	40
UK Shared Prosperity Fund Projects	14
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Corporate Properties – Capital works (Dyer Street)	95
Tetbury Homeless Property Purchase	1,148
Trinity Road Agile Working	89
<b>TOTAL</b>	<b>4,560</b>

Significant expenditure included purchase of Tetbury homeless property of £1.148m. £0.440m of expenditure in relation to improvements at Rissington Road car park, Bourton on the Water which opened to the public in March 2023 and private sector housing renewal grants (DFG) awarded totalling £1.092m.

Not all schemes planned for the year were undertaken including:

- Trinity Road, Carbon Efficiency Works – budget of £0.370m. Works delayed to 2023/24.
- Tetbury Homeless Property, £0.294m balance of capital allocation following purchase for capital works required to be carried forward to 2023/24.
- Changing Places Toilets, grant balance of £0.123m forecast to be spent in 2023/24 in respect of facilities still to be installed at Cirencester Abbey Grounds, Birdland at Bourton on the Water and Cotswold Country Park and Beach.
- A balance of £0.208m Disabled Facility Grant remained unspent at 31 March 2023, this will be carried forward to 2023/24.

There is total committed expenditure in relation to the projects listed of £1.114m and Capital Programme budgets have been carried forward in to 2023/24 to fund ongoing projects.

## Capital Receipts

£0.369m in capital receipts was received from the sale of the Council's asset the 'Cotswold Club' during 2022/23. All capital receipts are transferred to the Capital Receipts Reserve to fund future capital expenditure.

## Reserves and Balances

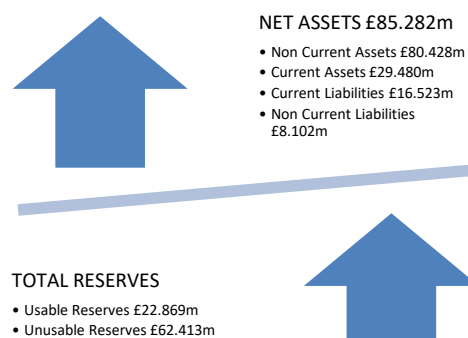
At the year-end usable reserves stood at £22.868 million, a decrease of £2.807 million during the year.

The Business Rate Smoothing Reserve included exceptional S31 grant provided by government in response the Covid-19 pandemic in 2021/22 to compensate for lost business rate income due to extended retail discount awarded to businesses during the year reduced by £4.120m during 2022/23. This was utilised as planned to fund the Collection Fund deficit in 2022/23.

Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' were £1.760 million, a decrease of £0.792 million during the year. Movements in 2022/23 include £1.634m budgeted transfer as a result of capacity in budget following pension deficit payment made in advance in 2020/21, 2022/23 deficit outturn of £1.253m and £1.173m transferred to the newly established financial resilience reserve.

## Financial Position

Net assets increased in the year by £30,106,474.



Significant movements were:

- £1.053 increase in non current investments
- £1.1m decrease in current investments
- £5.528 decrease in debtors
- £2.638m decrease in cash and cash equivalent
- £12.947m decrease in creditors
- £30.732m reduction in pension liability
- £3.948m decrease in earmarked reserves

## 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 are a number of improvement programmes in progress across services focussed on improving the way services communicate with customers, increasing automation and selfserve options for customers (OpenPortal in Revenues and Benefits and the Channel Choice project), and improving the monitoring of workflows using case management tools to help services to actively manage resources (Enterprise in Planning).

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

- The Council's customers are highly satisfied with services delivered by phone, with over 95% of customers responding positively. Customer satisfaction for face to face contact was over 99%.

# NARRATIVE REPORT

- 55% of occupied properties have a garden waste licence or compostable bags.
- Following the refurbishments at Cirencester Leisure and Bourton Leisure visits continued to increase and the number of gym memberships were over target. There were 507,931 visits to the 3 leisure facilities against a target of 495,000.
- Council Tax Support change events took an average of 3.83 days to process against a target of 5 days.
- 93% of major, 90% of minor and 84% of other planning applications were determined within agreed timescales (including extension of time agreements).
- The Council has increased its enforcement activity supported by its Clean and Green initiative. There have been 19 enforcement actions since the beginning of 2022-23. The Council takes a proactive and preventative approach to fly tipping, and duty of care work has been carried out with businesses and households to support them to manage their waste responsibly. More recently, the Council has undertaken some targeted work in locations which are attracting high levels of fly tipping using a combination of proactive measures to deter fly tipping such as signage as well as enforcement activity. The surveillance cameras have delivered results by identifying potential perpetrators and PACE interviews have followed on the strength of the footage. There has been a reduction in fly tipping at the camera points.

Over the last year, a number of services have highlighted the potential impact of the cost-of-living crisis on households, businesses and the Council's services in particular Revenues and Benefits, Planning, Housing Support and Leisure. Some services such as Revenues and Benefits have reported increased customer contact and workloads while Planning has reported a slow-down in applications and potentially fewer applications for large developments due to a loss of confidence in the housing market. The business rates collection rate has been depressed over the last couple of years due to Covid and may now take longer to recover.

Eight indicators fell short of their annual targets; three in Revenues and Benefits; and five in Planning and Strategic Housing:

## Revenues and Benefits

- NNDR collection rate
- Average days to process Council Tax Support new claims.
- Average days to process Housing Benefit change events.

## Planning and Strategic Housing

- Percentage of other planning applications determined within time.
- Total income achieved in Planning and Pre-application advice income.

- Percentage of land charge completed within 10 days.
- Affordable homes delivered.

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

## **Risk Management**

A Risk Management Group has been established to undertake quarterly reviews of risk registers, escalating any emerging risks to a strategic level. The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit and Governance Committee on a regular basis.

The Corporate Risk Register was updated during 2022/23 and reviewed by the Senior Management Team, which comprises both Council and Public Senior Managers. Any risk scoring 15 or above is considered a 'primary risk'.

The Corporate Risk Register, as reviewed by the Audit Committee in 2022/23 included seven primary 'residual' risks. Risks included:

- Budget pressures: If unavoidable budget pressures exceed provision within the MTFs, such as not making expected savings or failing to meet income targets, the Council may have to consider unplanned use of revenue reserves, raise Council Tax, find further savings and/or cut services.
- Waste contractor not meeting obligations, resulting in reduced service and customer satisfaction.
- Pay award agreed outside of budgeted provision.
- Impact of inflation, insufficient budget could have impact on service delivery and completion of major projects.
- Housing need: Failure to demonstrate a 5-year housing land supply (5YHLS) or to pass the Housing Delivery Test (HDT) by delivering 75% of its housing requirements over the preceding 3 year period may result in an increase in speculative applications for housing development and an increase in the number of planning appeals on sites the Council had previously refused permission for.
- Local Plan: If the government does not provide timely and adequate guidance on the proposed changes to the planning system then the Council will be unable to identify the type of Local Plan update that is required. Delays to preparing an updated Local Plan may result in an increase of speculative planning applications on the fifth anniversary of the local plan's adoption.
- Leisure centre visitor number not returning to pre pandemic levels resulting in the leisure contractor struggling to meet their obligations resulting in a fall in standards and reduced customer service.

## **Facing the Challenges Ahead**



## NARRATIVE REPORT

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

The Council faces a number of significant challenges and uncertainties as a result of the cost-of-living crisis and general economic position.

There are some significant risks to the Council from changes to Government funding. The implementation of Local Government Finance reform has already been delayed from the original implementation date of April 2020 until at least April 2025 if not later. The forecast impact on Shire District Councils is likely to be significant as resources are allocated across Local Government recognising the Social Care cost and demand pressures.

The newly created 'Cabinet Transform Working Group' will need to develop a revised approach to the Council's savings Programme to address the budget gap identified over the MTFs period. The approach will look at the design principles required to achieve a robust, balanced and proportionate plan of cost management and income generation opportunities to ensure the Council is able to achieve financial sustainability.

Reserves held to promote financial sustainability are forecast to be depleted during 2026/27. Reserves will be monitored and reported to Cabinet during 2023/24.

The Council will develop a comprehensive Asset Management Strategy supported by detailed asset management plans for the Land and Building assets it holds and will be presented to Cabinet in 2023/24. The strategy and plans will identify and provide a longer-term view (e.g., 5 -10 years) of the income and expenditure profiles, tenant events, hold and disposal options to enable the Council to deliver the corporate objectives and priorities of the organisation through the management of assets.

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](mailto:David.Stanley@cotswold.gov.uk).



David Stanley, CPFA  
Chief Finance Officer and Deputy Chief Executive

# NARRATIVE REPORT

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## 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 2023. 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 2020/23, 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 2023.

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 31<sup>st</sup> March 2023.



26/9/23

Date: \_\_\_\_\_

David Stanley  
Chief Finance Officer

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

Date: \_\_\_\_\_

Cllr. Nigel Robbins  
Chair of the Audit and Governance Committee



# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Comprehensive Income and Expenditure Statement

2021/22					2022/23		
Gross Expenditure £	Gross Income £	Net Expenditure £		Note	Gross Expenditure £	Gross Income £	Net Expenditure £
			<u>Shared Services</u>				
1,208,756	(597,985)	610,771	Environmental and Regulatory Services		1,225,017	(593,418)	631,599
2,416,056	(1,103,014)	1,313,042	Business Support Services		2,517,916	(1,202,101)	1,315,815
2,184,333	(110,466)	2,073,867	ICT, Change and Customer Services		2,398,323	(155,677)	2,242,646
1,785,039	(783,520)	1,001,519	Assets, Land, Legal and Property Services		1,798,337	(788,933)	1,009,404
185,335	0	185,335	Chief Executive and Modernisation		238,004	(57,600)	180,404
14,827,328	(13,882,621)	944,707	Revenues and Housing Support Services**		14,883,364	(14,596,329)	287,035
1,764,434	(1,324,941)	439,493	Revenues - Covid Grants**		0	0	0
			<u>Strategic Directors</u>				
1,389,278	(339,142)	1,050,136	Democratic Services		1,325,493	(49,345)	1,276,148
9,096,198	(5,059,228)	4,036,970	Environmental Services		10,830,626	(5,566,263)	5,264,363
2,322,163	(870,043)	1,452,120	Leisure and Communities Services		2,728,071	(869,010)	1,859,061
3,327,884	(1,397,348)	1,930,536	Planning and Strategic Housing Services		4,635,918	(2,753,023)	1,882,895
1,511,822	(522,480)	989,342	Retained and Corporate Council Services		2,455,737	(834,010)	1,621,727
1,109,213	(649,436)	459,777	Retained and Corporate Council Services - Covid**		0	0	0
<b>43,127,839</b>	<b>(26,640,224)</b>	<b>16,487,615</b>	<b>Cost of Services</b>		<b>45,036,806</b>	<b>(27,465,709)</b>	<b>17,571,097</b>
3,520,820	(989,455)	2,531,365	Other Operating Expenditure	B3	3,861,014	(74,460)	3,786,554
1,302,275	(1,762,252)	(459,977)	Financing and Investment Income and Expenditure	B4	2,863,483	(1,831,312)	1,032,171
0	(18,961,853)	(18,961,853)	Taxation and Non-Specific Grant Income	B5	0	(19,971,945)	(19,971,945)
<b>47,950,934</b>	<b>(48,353,784)</b>	<b>(402,850)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	B1/B2	<b>51,761,303</b>	<b>(49,343,426)</b>	<b>2,417,877</b>
		(1,082,432)	(Surplus) / deficit on revaluation of non current assets				472,666
		0	(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				30,000
		(10,940,000)	Remeasurement of the net defined benefit liability				(33,027,000)
		<b>(12,022,432)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(32,524,334)</b>
		<b>(12,425,282)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(30,106,458)</b>

\*\*Covid grants and Covid related income and expenditure is included within 'Revenue & Housing Support Services' in 2022/23

## MOVEMENT IN RESERVES STATEMENT

### Movement in Reserves Statement

	Note	Usable Reserves				Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £			
<b>Balance at 31 March 2021</b>		<b>(894,613)</b>	<b>(16,551,802)</b>	<b>(8,196,328)</b>	<b>(260,766)</b>	<b>(25,903,509)</b>	<b>(16,868,956)</b>	<b>(42,772,465)</b>
Adjustment to Collection Fund Adjustment Account		0	0	0	0	0	22,007	22,007
Movements in reserves 2021/22		(3,868,789)	3,868,789	0	0	0	0	0
Total Comprehensive income and expenditure		(402,850)	0	0	0	(402,850)	(12,022,432)	<b>(12,425,282)</b>
Adjustments between accounting basis & funding basis under regulations	C1	2,613,542	43,900	(1,477,748)	(550,175)	629,519	(629,519)	0
<b>(Increase) / Decrease in Reserves 2021/22</b>		<b>(1,658,097)</b>	<b>3,912,689</b>	<b>(1,477,748)</b>	<b>(550,175)</b>	<b>226,669</b>	<b>(12,629,944)</b>	<b>(12,403,275)</b>
<b>Balance at 31 March 2022</b>		<b>(2,552,710)</b>	<b>(12,639,113)</b>	<b>(9,674,076)</b>	<b>(810,941)</b>	<b>(25,676,840)</b>	<b>(29,498,900)</b>	<b>(55,175,740)</b>
Movements in reserves 2022/23		(4,934,357)	4,934,357	0	0	0	0	0
Transfer from General Fund		1,174,080	(1,174,080)	0	0	0	0	0
Total Comprehensive income and expenditure		2,417,877	0	0	0	2,417,877	(32,524,334)	<b>(30,106,458)</b>
Adjustments between accounting basis & funding basis under regulations	C1	2,135,110	187,383	852,927	(2,785,354)	390,066	(390,082)	<b>(16)</b>
<b>(Increase) / Decrease in Reserves 2022/23</b>		<b>792,710</b>	<b>3,947,660</b>	<b>852,927</b>	<b>(2,785,354)</b>	<b>2,807,942</b>	<b>(32,914,416)</b>	<b>(30,106,458)</b>
<b>Balance at 31 March 2023</b>		<b>(1,760,000)</b>	<b>(8,691,453)</b>	<b>(8,821,149)</b>	<b>(3,596,295)</b>	<b>(22,868,898)</b>	<b>(62,413,316)</b>	<b>(85,282,214)</b>

## BALANCE SHEET

### Balance Sheet

31 March 2022 £		Note	31 March 2023 £
60,739,023	Property, Plant & Equipment	D1	60,784,911
17,000	Heritage Assets		17,000
5,947,000	Investment Property	D2	5,377,000
30,688	Intangible Assets	D3	20,519
11,484,694	Non-Current Investments	E2	10,432,129
4,238,469	Non-Current Debtors	D4	3,796,195
<b>82,456,874</b>	<b>Non-Current Assets</b>		<b>80,427,753</b>
6,642,683	Investments	E2	5,456,719
300,000	Assets Held for Sale	D9	0
15,715	Inventories		23,163
17,319,294	Debtors	D5	11,790,349
14,847,841	Cash and Cash Equivalents	E2	12,209,366
<b>39,125,533</b>	<b>Current Assets</b>		<b>29,479,597</b>
0	Borrowing	E2	(93,503)
(24,741,668)	Creditors	D6	(11,793,773)
(1,941,457)	Creditors - s.106 balances	D6	(2,849,784)
0	Capital Grants Receipts in Advance	B8	(760,202)
(1,299,869)	Provisions	D7	(1,025,491)
<b>(27,982,994)</b>	<b>Current Liabilities</b>		<b>(16,522,753)</b>
(37,920,000)	Other Non-Current Liabilities	E1	(7,188,000)
(15,767)	Finance Lease Liabilities	E4	0
(487,906)	Capital Grants Receipts in Advance	B8	(557,130)
0	Borrowing	E2	(357,254)
<b>(38,423,673)</b>	<b>Non-Current Liabilities</b>		<b>(8,102,384)</b>
<b>55,175,740</b>	<b>Net Assets</b>		<b>85,282,214</b>
<b>(25,676,840)</b>	Usable Reserves	C2	(22,868,898)
<b>(29,498,900)</b>	Unusable Reserves	C3	(62,413,316)
<b>(55,175,740)</b>	<b>Total Reserves</b>		<b>(85,282,214)</b>

These financial statements were certified by the Chief Finance Officer on 26 September 2023.



David Stanley  
Chief Finance Officer

# CASH FLOW STATEMENT

## Cash Flow Statement

	Note	2021/22 £	2022/23 £
Net surplus or (deficit) on provision of services		402,850	(2,417,595)
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	F1	10,501,906	(1,566,208)
Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	F2	(4,452,085)	(5,222,804)
<b>Net cash flows from Operating Activities</b>		<b>6,452,671</b>	<b>(9,206,607)</b>
Investing Activities	F3	(2,794,030)	6,140,960
Financing Activities	F4	(47,169)	427,173
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>3,611,472</b>	<b>(2,638,474)</b>
Cash and cash equivalents at 1 April		11,236,368	14,847,840
<b>Cash and cash equivalents at 31 March</b>		<b>14,847,840</b>	<b>12,209,366</b>
Comprising:			
Cash and bank current accounts		52,151	126,670
Money Market Funds		8,702,990	8,978,545
Short Term Deposits (Call Accounts)		6,092,699	3,104,151
		<b>14,847,840</b>	<b>12,209,366</b>



# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Notes to the Comprehensive Income and Expenditure Statement

### B1. Expenditure and Funding Analysis

	2022/23					
	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	631,599	(147,673)	0	483,926	22,286	506,212
Business Support Services	1,315,815	(229,554)	0	1,086,261	11,891	1,098,152
ICT, Change and Customer Services	2,242,646	(226,190)	0	2,016,456	29,130	2,045,586
Land, Legal and Property Services	1,009,404	(208,742)	0	800,662	128,638	929,300
Chief Executive and Modernisation Costs	180,404	(19,450)	0	160,954	1,116	162,070
Revenues and Housing Support Services	287,035	(126,812)	0	160,223	12,132	172,355
<u>Strategic Directors</u>						
Democratic Services	1,276,148	(124,442)	0	1,151,706	53,108	1,204,814
Environmental Services	5,264,363	(587,827)	0	4,676,536	512,887	5,189,423
Leisure and Communities Services	1,859,061	(1,093,362)	0	765,699	794,343	1,560,042
Planning and Strategic Housing Services	1,882,895	(353,886)	0	1,529,009	43,290	1,572,299
Retained and Corporate Council Services	1,621,727	4,823	0	1,626,550	(1,669,225)	(42,675)
<b>Cost of Services</b>	<b>17,571,097</b>	<b>(3,113,115)</b>	<b>0</b>	<b>14,457,982</b>	<b>(60,404)</b>	<b>14,397,578</b>
Other Income and Expenditure	(15,153,220)	5,248,226	(4,934,357)	(14,839,351)	60,404	(14,778,947)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,417,877</b>	<b>2,135,111</b>	<b>(4,934,357)</b>	<b>(381,369)</b>	<b>(0)</b>	<b>(381,370)</b>
Budgeted Transfer to General Fund						1,665,175
<b>Deficit reported to Management</b>						<b>1,283,805</b>
Opening General Fund Balance (Unallocated) at 1 April				(2,552,710)		
(Surplus) / Deficit for the year				(381,370)		
Transfer to Financial Resilience Reserve				1,174,080		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(1,760,000)</b>		

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2021/22					
	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	610,771	(192,340)	0	418,431	35,635	454,066
GO Shared Services	1,313,042	(303,499)	0	1,009,543	19,454	1,028,997
ICT, Change and Customer Services	2,073,867	(282,137)	0	1,791,730	37,020	1,828,750
Land, Legal and Property Services	1,001,519	(260,928)	0	740,591	132,011	872,602
Chief Executive and Modernisation Costs	185,335	(26,649)	0	158,686	(111,630)	47,056
Revenues and Housing Support Services	944,707	(156,234)	0	788,473	25,698	814,171
Covid Grants	439,493	0	0	439,493	0	439,493
<u>Strategic Directors</u>						
Democratic Services	1,050,136	(143,389)	0	906,747	58,567	965,314
Environmental Services	4,036,970	(555,505)	0	3,481,465	469,122	3,950,587
Leisure and Communities Services	1,452,120	(778,407)	0	673,713	602,889	1,276,602
Planning and Strategic Housing Services	1,930,536	(457,074)	0	1,473,462	57,449	1,530,911
Retained and Corporate Council Services	989,342	(52,213)	0	937,129	(1,081,431)	(144,302)
Retained and Corporate Council Services - Covid	459,777	0	0	459,777	0	459,777
<b>Cost of Services</b>	<b>16,487,615</b>	<b>(3,208,375)</b>	<b>0</b>	<b>13,279,240</b>	<b>244,784</b>	<b>13,524,024</b>
Other Income and Expenditure	(16,890,465)	5,820,775	(3,868,789)	(14,938,479)	(244,784)	(15,183,263)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(402,850)</b>	<b>2,612,400</b>	<b>(3,868,789)</b>	<b>(1,659,239)</b>	<b>0</b>	<b>(1,659,239)</b>
Budgeted transfer from General Fund - Contribution to Glos LGPS						1,640,257
<b>Surplus reported to Management</b>						<b>(18,982)</b>
Opening General Fund Balance (Unallocated) at 1 April				(894,613)		
(Surplus) / Deficit for the year				(1,659,239)		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(2,553,852)</b>		

## 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:

	2022/23						
	Adjustments between funding and accounting basis (see MiRS Note C1)			Total adjs between funding and accounting £	Adjustments between amounts chargeable to the General Fund and Management Reporting		Total Management Reporting Adjustments £
	Capital Adjs £	Pension Adjs £	Other Adjs £		Depreciation & Amortisation £	Other Segment Adjs. £	
<u>Shared Service</u>							
Environmental and Regulatory Services	22,286	125,387	0	147,673	22,286	0	22,286
Business Support Services	11,891	217,663	0	229,554	11,891	0	11,891
ICT, Change and Customer Services	29,130	197,060	0	226,190	29,130	0	29,130
Land, Legal and Property Services	128,638	80,104	0	208,742	128,638	0	128,638
Chief Executive and Modernisation Costs	1,116	18,334	0	19,450	1,116	0	1,116
Revenues and Housing Support Services	17,392	109,420	0	126,812	17,392	(5,260)	12,132
<u>Strategic Directors</u>							0
Democratic Services	53,108	71,334	0	124,442	53,108	0	53,108
Environmental Services	515,587	72,240	0	587,827	512,887	0	512,887
Leisure and Communities Services	1,033,243	60,119	0	1,093,362	794,343	0	794,343
Planning and Strategic Housing Services	43,290	310,596	0	353,886	43,290	0	43,290
Retained and Corporate Council Services	2,434	(7,257)	0	(4,823)	2,125	(1,671,350)	(1,669,225)
<b>Cost of Services</b>	<b>1,858,115</b>	<b>1,255,000</b>	<b>0</b>	<b>3,113,115</b>	<b>1,616,206</b>	<b>(1,676,610)</b>	<b>(60,404)</b>
Other Income and Expenditure	(2,406,123)	1,040,000	(3,882,103)	(5,248,226)	(1,616,206)	1,666,825	50,619
(Surplus) / Deficit on Provision of Services	(548,008)	2,295,000	(3,882,103)	(2,135,111)	0	(9,785)	(9,785)

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2021/22						
	Adjustments between funding and accounting basis (see MiRS Note C1)			Total adjs between funding and accounting £	Adjustments between amounts chargeable to the General Fund and Management Reporting		Total Management Reporting Adjustments £
	Capital Adjs £	Pension Adjs £	Other Adjs £		Depreciation & Amortisation £	Other Segment Adjs. £	
<u>Joint Committee</u>							
Environmental and Regulatory Services	(35,635)	(156,705)	0	(192,340)	35,635	0	35,635
GO Shared Services	(19,454)	(284,045)	0	(303,499)	19,454	0	19,454
ICT, Change and Customer Services	(37,020)	(245,117)	0	(282,137)	37,020	0	37,020
Land, Legal and Property Services	(132,011)	(128,917)	0	(260,928)	132,011	0	132,011
Chief Executive and Modernisation Costs	(1,649)	(25,000)	0	(26,649)	1,649	(113,279)	(111,630)
Revenues and Housing Support Services	(25,698)	(130,536)	0	(156,234)	25,698	0	25,698
Revenues - Covid Grants	0	0	0	0	0	0	0
<u>Strategic Directors</u>							
Democratic Services	(58,567)	(84,822)	0	(143,389)	58,567	0	58,567
Environmental Services	(477,638)	(77,867)	0	(555,505)	469,122	0	469,122
Leisure and Communities Services	(699,115)	(79,292)	0	(778,407)	602,889	0	602,889
Planning and Strategic Housing Services	(57,449)	(399,625)	0	(457,074)	57,449	0	57,449
Retained and Corporate Council Services	(3,140)	(49,073)	0	(52,213)	3,140	(1,084,571)	(1,081,431)
Retained and Corporate Council Services - Covid	0	0	0	0	0	0	0
<b>Cost of Services</b>	<b>(1,547,376)</b>	<b>(1,660,999)</b>	<b>0</b>	<b>(3,208,375)</b>	<b>1,442,634</b>	<b>(1,197,850)</b>	<b>244,784</b>
Other Income and Expenditure	2,784,794	(941,000)	3,976,981	5,820,775	(1,442,634)	1,197,850	(244,784)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,237,418</b>	<b>(2,601,999)</b>	<b>3,976,981</b>	<b>2,612,400</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 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

	2021/22 £	2022/23 £
<b>Expenditure</b>		
Employee benefits expenses	3,405,474	3,009,412
Publica Contract Charge	9,629,795	10,567,998
Housing Benefit & other transfer payments	12,409,922	12,107,598
Covid Business Grants Paid	1,723,107	39,827
Other service expenses	13,687,257	15,442,647
Depreciation, amortisation and impairment	1,457,668	1,827,408
Interest payments and similar expense	944,361	1,049,518
Precepts and Levies	3,520,820	3,861,014
Other expenditure	1,172,531	3,855,880
<b>Total Expenditure</b>	<b>47,950,935</b>	<b>51,761,302</b>
<b>Income</b>		
Fees, charges & other service income	(9,023,256)	(9,737,097)
Housing Benefit Subsidy	(12,093,646)	(11,645,232)
Covid Business Grants	(1,324,292)	0
Other Government Grants	(11,354,657)	(9,880,178)
Income from Council Tax	(9,451,842)	(9,986,674)
Income from Non Domestic Rates	2,627,344	1,216,005
Non Government Grants & Contributions	(5,105,146)	(7,404,007)
Investment interest and similar income	(1,216,129)	(1,831,312)
Other income	(1,412,160)	(74,930)
<b>Total Income</b>	<b>(48,353,784)</b>	<b>(49,343,425)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(402,849)</b>	<b>2,417,877</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B3. Other Operating Income & Expenditure

	2021/22 £	2022/23 £
(Gains) / losses on disposal of non current assets	(48,397)	(69,400)
Unattached capital receipts	(941,058)	0
Town and Parish Council precepts	3,520,820	3,861,014
Other receipts	0	(5,060)
	<b>2,531,365</b>	<b>3,786,554</b>

## B4. Financing and Investment Income and Expenditure

	2021/22 £	2022/23 £
Interest payable and similar charges	3,361	9,518
Interest receivable and similar income	(490,318)	(1,151,467)
Changes in fair value of financial assets	(422,705)	998,338
Movement in impairment allowance for doubtful debts	(113,846)	(1,917)
Movement in the fair value of investment property	217,500	665,383
Net investment property (income) / expenditure	(616,590)	(402,251)
Net income from other properties (income/expenditure)	0	(125,433)
Net interest on the net defined benefit pension liability	941,000	1,040,000
	<b>(481,598)</b>	<b>1,032,171</b>



# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B5. Taxation and Non Specific Grant Income

	2021/22 £	2022/23 £
National Non Domestic Rates		
- Redistribution	(2,173,016)	345,754
- Safety Net Levy	661,793	783,627
- (Surplus) / Deficit	4,138,567	86,624
	<b>2,627,344</b>	<b>1,216,005</b>
Council Tax income	(9,451,842)	(9,986,674)
Non-ringfenced government grants	(12,137,355)	(11,201,276)
	<b>(18,961,853)</b>	<b>(19,971,945)</b>

## B6. Members' Allowances

	2021/22 £	2022/23 £
Allowances	303,963	320,176
Expenses	636	2,973
	<b>304,599</b>	<b>323,149</b>

## B7. External Audit Costs

The Council's appointed auditor is Grant Thornton 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.

	2021/22 £	2022/23 £
<b>Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year:</b>		
Scale Fee	37,557	42,058
Increases to Scale Fee 2022/23		25,000
Increases to Scale Fee 2021/22	25,101	
Fees payable to external auditor for the certification of grants claims and returns for the year	16,000	32,000
Additional fees payable relating to 2020/21 certification of grants	26,850	0
Additional fees payable relation to 2021/22 certification of grants	0	16,365
	<b>105,508</b>	<b>115,423</b>

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

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Increase to the scale fee have been recognised as expenditure in 2022/23 and are disclosed above. The increased fees reflect additional work required to comply with FRC requirements in respect of property, plant and equipment and pensions, increased audit requirements as a result of revised auditing standards and additional work on Value for Money (VFM) under the NAO code.

Additional audit fees in respect of both the 2021/22 and 2022/23 certification of the housing benefit subsidy return payable to KPMG LLP are also disclosed above.

# 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.

	2021/22 £	2022/23 £
<b>Revenue grants credited to Cost of Services</b>		
Housing Benefit Subsidy	(11,857,479)	(11,416,245)
Housing Benefit and Council Tax Administration Subsidy	(228,717)	(231,978)
Discretionary Housing Benefit	0	(67,467)
Other Housing Benefit	0	(32,286)
Proptech Engagement Fund	0	(328,906)
Preventing Homelessness	(161,215)	(160,330)
Rough Sleeping	(83,144)	0
Covid Business Grants Funding	(1,324,292)	0
NNDR Cost of Collection Allowance*	(184,555)	(189,319)
Council Tax Energy Rebate New Burdens	0	(136,064)
Council Tax Energy Rebate - Discretionary	0	(135,554)
Business Rate Relief New Burdens	0	(72,018)
Covid Business Grants New Burdens	0	(57,966)
Contain Outbreak Management Fund	(324,400)	(58,470)
UK shared Prosperity Fund	0	(50,923)
Physical Activity and Dispersal Project (Cotswold Water Park)	(130,000)	0
National Leisure Recovery Fund	(104,298)	0
PCC Elections	(122,600)	0
Domestic Abuse New Burdens	(33,790)	(33,818)
Strengthening Local Communities	0	(30,225)
Redmond Audit Grant*	(17,814)	(18,435)
Electoral Integrity New Burdens	0	(18,251)
Test and Trace Grant Funding	(49,394)	(15,512)
High Street Reopening/Welcome Back Fund	(134,029)	(10,940)
Homelessness - Additional New Burdens	0	(3,963)
	<b>(14,755,727)</b>	<b>(13,068,670)</b>
<b>Grants credited to Taxation and Non Specific Grant Income</b>		
New Homes Bonus	(2,092,561)	(810,236)
Lower Tier Services Grant	(690,819)	(1,435,018)
Section 31 NNDR Compensation	(6,122,744)	(5,368,851)
Local Government Income Compensation Scheme for Lost Sales, Fees and Charges	(245,225)	0
Covid-19 LA Support Grant	(377,437)	0
Rural Services Delivery Grant	(632,183)	(632,184)
Services Grant	0	(129,485)
New Burdens	(198,493)	0
Other revenue grants	0	(7,203)
Public Sector Decarbonisation	(1,181,584)	(33,225)
CIL grant income (Capital infrastructure)	(550,175)	(2,785,074)
Other capital grants	(46,134)	0
	<b>(12,137,355)</b>	<b>(11,201,276)</b>

\* Grants not separately disclosed in 2021/22

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## 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:

	2021/22	2022/23
	£	£
Environment Agency Grant [for specific Land drainage works]	(48,425)	(48,425)
Flood Defence Grants	(33,780)	(33,780)
SHI Loans	(140,565)	(140,565)
Consultation Software Procurement	(48,906)	0
Better Care Fund (Disabled Facilities Grants)	(213,166)	(331,301)
Other Grants Receipts in Advance	(3,059)	(3,060)
	<b>(487,901)</b>	<b>(557,130)</b>

## B8.b Current - Capital Grants Receipts in Advance

	2021/22	2022/23
	£	£
Local Authority Housing Fund	0	(615,170)
Changing Places Toilets	0	(122,501)
Public Sector Decarbonisation Scheme*	0	(22,079)
Other	0	(452)
	<b>0</b>	<b>(760,202)</b>

\*Comparative Capital Grant Receipt in Advance of £55,304 disclosed within Creditors (note D6) in 2021/22

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### B9. Officer Remuneration

#### Senior Officer Remuneration

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

<b>2022/23</b>					
<b>Post</b>	<b>Salary, allowances &amp; other benefits £</b>	<b>Pension Contributions £</b>	<b>Compensation for Loss of Employment</b>	<b>Pension Strain</b>	<b>Total Remuneration £</b>
Chief Executive	108,500	21,917	0	0	130,417
Deputy Chief Executive and Chief Finance Officer <sup>1</sup>	29,650	5,809	0	0	35,459
Interim Deputy Chief Executive Chief Finance Officer <sup>2</sup>	72,590	0	0	0	72,590
Deputy Chief Executive and Chief Finance Officer <sup>3</sup>	40,306	8,142	0	0	48,448
Director of Governance and Development (Monitoring Officer)	88,200	17,816	0	0	106,016
	<b>339,246</b>	<b>53,684</b>	<b>0</b>	<b>0</b>	<b>392,930</b>
<b>2021/22</b>					
<b>Post</b>	<b>Salary, allowances &amp; other benefits £</b>	<b>Pension Contributions £</b>	<b>Compensation for Loss of Employment</b>	<b>Pension Strain</b>	<b>Total Remuneration £</b>
Chief Executive	102,728	20,521	0	0	123,249
Deputy Chief Executive and Chief Finance Officer 1	86,275	17,428	0	0	103,703
Interim Head of Legal and Monitoring Officer (to 30 April 2021)	9,003	0	0	0	9,003
Director of Governnace and Development (Monitoring Officer) (permanent basis from 16th December 2021)	25,279	5,106	0	0	30,385
	<b>223,285</b>	<b>43,055</b>	<b>0</b>	<b>0</b>	<b>266,340</b>

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

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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<sup>1</sup> The Deputy Chief Executive and Chief Finance Officer left the employment of the Council on 22 July 2022. The figures above represent the full salary and allowances incurred by Cotswold District Council for the period 1 April 2022 to 22 July 2022.

<sup>2</sup> Section 151 of the Local Government Act 1972 requires the Council to employ a Chief Finance Officer. An Interim Deputy Chief Executive and Chief Finance Officer was appointed to cover this role between 21 July 2022 and 31 October 2022 pending a permanent appointment (see note 3 below). The full contractual costs of the interim appointment are disclosed in the table above.

<sup>3</sup> The Council's new Deputy Chief Executive and Chief Finance Officer started employment on 17 October 2022.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Other Officer Remuneration

The number of employees whose remuneration (excluding employers' contributions in respect of National Insurance Contributions and Superannuation Contributions) exceeded £50,000 during the year is listed in the table below. This table includes all officers (including Senior Officers) employed by the Council except for the Deputy Chief Executive and Chief Finance Officer who was appointed part way through the financial year (17 October 2022).

	2021/22	2022/23
	No. of Officers including Severance or Other Related Payments'	
£50,000 to £54,999	0	2
£55,000 to £59,999	1	0
£60,000 to £64,999	1	0
£65,000 to £69,999	0	1
£85,000 to £89,999	1	1
£100,000 to £104,999	1	0
£105,000 to £109,999	0	1
<b>Total</b>	<b>4</b>	<b>5</b>

This note includes Officers whose details are disclosed as part of the Senior Officer Remuneration note.

## **B10. Termination Benefits**

The total amounts charged and accrued for in the Comprehensive Income & Expenditure Statement were as follows:

	2021/22		2022/23	
	No. of packages	£	No. of packages	£
Severance Payments	0	0	1	<b>36,156</b>
Pension Strain Costs	0	0	1	<b>197,852</b>
		<b>0</b>		<b>234,008</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Exit Packages

The total costs shown 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.

The total number and value of the exit packages, grouped into bands of £20,000 up to £100,000 and bands of £50,000 thereafter, are as follows:

Exit Package Cost band (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£201,001 - £250,000	0	0	0	1	0	1	0	234,008
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>234,008</b>



# NOTES TO THE MOVEMENT IN RESERVES STATEMENT

## Notes to the Movement in Reserves Statement

### C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2022/23			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,632,399)			
Revaluation losses on Property, Plant and Equipment	(195,009)			
Movements in the fair value of Investment Properties	(665,383)			
Capital Grants and Contributions applied	2,062,730			
Revenue Expenditure funded from Capital Under Statute	(2,076,405)			
Non current assets written off on disposal or sale	(353,155)			
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	422,555		(369,400)	
Capital expenditure charged against General Fund Balance	200,000	187,383		
Capital Grants and contributions credited to CIES	2,785,074			(2,785,074)
<u>Adjustments to Capital Resources</u>				
Use of capital receipts reserve to finance new capital expenditure			2,106,430	
Transfer from Deferred Capital Receipts on receipt of cash			(852,955)	
Write down of long term debtor on receipt of loan principal			(31,148)	
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	(998,338)			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	0			
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	(2,295,000)			
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	4,880,441			
	<b>2,135,111</b>	<b>187,383</b>	<b>852,927</b>	<b>(2,785,074)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	2021/22			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,457,668)			
Revaluation losses on Property, Plant and Equipment	0			
Movements in the fair value of Investment Properties	(217,500)			
Capital Grants and Contributions applied	2,077,988			
Revenue Expenditure funded from Capital Under Statute	(955,031)			
Non current assets written off on disposal or sale	(182,172)			
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	182,172			
Capital expenditure charged against General Fund Balance	250,000	43,900		
Capital Grants and Contributions credited to CIES	550,175			(550,175)
Unattached Capital Receipts	989,455		(989,455)	
<u>Adjustments to Capital Resources</u>				
Use of capital receipts reserve to finance new capital expenditure			367,570	
Transfer from Deferred Capital Receipts on receipt of cash			(825,483)	
Write down of long term debtor on receipt of loan principal			(30,380)	
Increase of long term debtor on advance of new loan principal			0	
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	422,705			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	0			
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	(2,602,000)			
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	3,555,418			
	<b>2,613,542</b>	<b>43,900</b>	<b>(1,477,748)</b>	<b>(550,175)</b>

## 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 2022 £	Transfers between £	Transfers Out £	Transfers in £	Transfer from General Fund £	31 March 2023 £
Financial Resilience Reserve	0				(1,174,080)	<b>(1,174,080)</b>
Council Priorities Fund	(2,767,122)	40,000	516,859	(8,352)		<b>(2,218,615)</b>
Other Commitments from Council Priorities Fund	(1,289,980)		196,299			<b>(1,093,681)</b>
Local Plan	(819,241)		142,051			<b>(677,190)</b>
Community-Led Housing	(806,334)	0	980	0		<b>(805,354)</b>
Business Rates Smoothing reserve	(4,120,162)	0	4,120,162	0		<b>0</b>
New Burdens Grant	(410,678)	0	217,292	(164,867)		<b>(358,253)</b>
Covid related	(88,011)	20,000	40,918	0		<b>(27,093)</b>
Other earmarked reserves	(2,337,586)	(60,000)	1,156,547	(1,096,149)		<b>(2,337,188)</b>
	<b>(12,639,114)</b>	<b>0</b>	<b>6,391,108</b>	<b>(1,269,368)</b>	<b>(1,174,080)</b>	<b>(8,691,454)</b>

### C3. Unusable Reserves

#### Summary of Unusable Reserves

	31 March 2022 £	31 March 2023 £
Revaluation Reserve	(35,786,417)	(34,441,293)
Capital Adjustment Account	(31,318,675)	(31,825,326)
Pension Reserve	37,920,000	7,188,000
Deferred Capital Receipts Reserve	(4,970,995)	(4,140,046)
Collection Fund Adjustment Account	4,659,406	(221,034)
Pooled Investment Fund Adjustment Account	27,780	1,026,118
Financial Instruments Revaluation Reserve	(30,000)	0
	<b>(29,498,901)</b>	<b>(62,413,581)</b>

## 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 1<sup>st</sup> 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.

	2021/22 £	2022/23 £
Opening Balance - 1 April	(35,269,701)	(35,786,417)
Upward revaluation of assets	(4,506,315)	(1,952,588)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	3,423,881	3,074,604
<i>Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services</i>	(1,082,434)	1,122,016
Difference between fair value and historic cost depreciation	565,717	625,459
Accumulated gains on assets sold	0	247,000
<i>Amount written off to the Capital Adjustment Account</i>	565,717	872,459
<b>Closing Balance - 31 March</b>	<b>(35,786,417)</b>	<b>(33,791,943)</b>

## 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 1<sup>st</sup> April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2021/22 £	2022/23 £
Opening Balance - 1 April	(30,846,273)	(31,318,675)
<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	1,457,668	1,632,399
Revaluation losses on Property, Plant and Equipment	0	195,009
Revenue expenditure funded from capital under statute	955,031	2,076,405
Amounts of non-current assets written off on disposal or sale	182,172	106,155
	<u>2,594,871</u>	<u>4,009,968</u>
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Historical cost depreciation adjustment	(565,317)	(625,459)
Other amounts written off	0	0
	<u>(565,317)</u>	<u>(625,459)</u>
<u>Adjustments between Capital &amp; Revenue Resources</u>		
Capital Grants Repaid	0	0
	<u>0</u>	<u>0</u>
<b>Net written out amount of the cost of non current assets consumed in year</b>	<b>2,029,554</b>	<b>3,384,509</b>
<u>Capital financing applied in year</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(347,969)	(2,106,430)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,077,587)	(2,062,730)
Use of General Fund Earmarked Reserves applied to capital financing	(43,900)	(187,383)
Capital expenditure charged against the General Fund Balance	(250,000)	(200,000)
	<u>(2,719,456)</u>	<u>(4,556,543)</u>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	217,500	665,383
<b>Closing Balance - 31 March</b>	<b><u>(31,318,675)</u></b>	<b><u>(31,825,326)</u></b>

## 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.

	2021/22	2022/23
	£	£
Opening Balance - 1 April	46,258,000	37,920,000
Return on plan assets	(4,437,000)	4,330,000
Remeasurement of the net defined benefit liability	(6,503,000)	(37,357,000)
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	3,864,000	3,715,000
Employers' pension contributions	(1,262,000)	(1,420,000)
<b>Closing Balance - 31 March</b>	<b>37,920,000</b>	<b>7,188,000</b>

### 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 2022	March 2023
	£	£
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(72,880)	(69,316)
Principal amounts on finance leases	(4,549,334)	(3,749,533)
Other deferred receipts	(317,281)	(289,697)
	<b>(4,970,995)</b>	<b>(4,140,046)</b>

## 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 2022 £	Transfers Out £	Transfers in £	31 March 2023 £
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	47,241	(60,097)	0	(12,856)
NNDR	4,612,165	(4,896,518)	87,652	(196,701)
NNDR - Renewal Energy Scheme	0	(11,477)	0	(11,477)
	<b>4,659,406</b>	<b>(4,968,092)</b>	<b>87,652</b>	<b>(221,034)</b>

### Pooled Investment Fund Adjustment Account

	2021/22 £	2022/23 £
Opening Balance - 1 April	450,485	27,780
Changes in fair value of Pooled Investment Funds	(422,705)	998,338
Accumulated gains / (losses) written out on derecognition	0	0
<b>Closing Balance - 31 March</b>	<b>27,780</b>	<b>1,026,118</b>

The pooled investment fund adjustment account was created on 1<sup>st</sup> 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.

### 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.

	2021/22 £	2022/23 £
Opening Balance - 1 April	(30,000)	(30,000)
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	0	30,000
<b>Closing Balance - 31 March</b>	<b>(30,000)</b>	<b>0</b>



## NOTES TO THE BALANCE SHEET

### Notes to the Balance Sheet

#### D1. Property, Plant and Equipment

Movements in 2022/23	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL P,P&E £
<b>Asset Cost or Valuation</b>						
Asset values at 1 April 2022	54,998,859	3,789,539	201	4,040,319	0	<b>62,828,918</b>
Additions	1,772,038	606,090	0	0	0	2,378,128
Revaluation increases / (decreases)	(810,997)		0	(1,009,862)	0	(1,820,859)
Derecognition - disposals	0	(1,016,256)	0	0	0	(1,016,256)
<b>Asset values at 31 March 2023</b>	<b>55,959,900</b>	<b>3,379,373</b>	<b>201</b>	<b>3,030,457</b>	<b>0</b>	<b>62,369,931</b>
<b>Depreciation</b>						
Accumulated depreciation at 1 April 2022	(328,673)	(1,761,222)	0	0	0	<b>(2,089,895)</b>
Depreciation charge for the year	(1,183,660)	(413,124)	0	(14,625)	0	(1,611,409)
Depreciation written out on revaluation	1,138,560	0	0	14,625	0	1,153,185
Derecognition - disposals	0	963,102	0	0	0	963,102
<b>Accumulated depreciation at 31 March 2023</b>	<b>(373,773)</b>	<b>(1,211,244)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,585,017)</b>
<b>Net Book Value of Assets</b>						
1 April 2022	54,670,186	2,028,317	201	4,040,319	0	60,739,023
31 March 2023	<b>55,586,127</b>	<b>2,168,129</b>	<b>201</b>	<b>3,030,457</b>	<b>0</b>	<b>60,784,914</b>

## NOTES TO THE BALANCE SHEET

Movements in 2021/22	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL P,P&E £
<b>Asset Cost or Valuation</b>						
Asset values at 1 April 2021	54,396,697	2,448,266	201	4,513,879	0	<b>61,359,043</b>
Additions	113,322	1,618,156	0	0	0	1,731,478
Revaluation increases / (decreases)	488,840	0	0	(473,560)	0	15,280
Derecognition - disposals	0	(276,883)	0	0	0	(276,883)
<b>Asset values at 31 March 2022</b>	<b>54,998,859</b>	<b>3,789,539</b>	<b>201</b>	<b>4,040,319</b>	<b>0</b>	<b>62,828,918</b>
<b>Depreciation</b>						
Accumulated depreciation at 1 April 2021	(114,987)	(1,463,575)	0	0	0	<b>(1,578,562)</b>
Depreciation charge for the year	(1,020,353)	(392,358)	0	(13,487)	0	(1,426,198)
Depreciation written out on revaluation	806,667	0	0	13,487	0	820,154
Derecognition - disposals	0	94,711	0	0	0	94,711
<b>Accumulated depreciation at 31 March 2022</b>	<b>(328,673)</b>	<b>(1,761,222)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,089,895)</b>
<b>Net Book Value of Assets</b>						
1 April 2021	54,281,710	984,691	201	4,513,879	0	59,780,481
31 March 2022	<b>54,670,186</b>	<b>2,028,317</b>	<b>201</b>	<b>4,040,319</b>	<b>0</b>	<b>60,739,023</b>

## NOTES TO THE BALANCE SHEET

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### 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 2022/23 revaluations and impairment review were undertaken by Richard Webb MRICS and Bryn Howell MRICS MRTPI, of Publica Group (Support) Limited and Carter Jonas Chartered Surveyors. 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

## NOTES TO THE BALANCE SHEET

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 Carter Jonas Chartered Surveyors, 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 are 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	2,168,129	201	0	2,168,330
Valued at Current Value as at 31st March:					
2018/19	63,168	0	0	0	63,168
2019/20	0	0	0	0	0
2020/21	11,182,085			198,052	11,380,137
2021/22	4,256,462	0		51,000	4,307,462
2022/23	40,084,409	0		2,781,405	42,865,814
	<b>55,586,124</b>	<b>2,168,129</b>	<b>201</b>	<b>3,030,457</b>	<b>60,784,911</b>

### 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.

	2021/22 £	2022/23 £
Rental income	(710,758)	(479,622)
Direct operating expenses	82,811	77,371
Net (gains) / losses from fair value adjustments	217,500	665,383
	<b>(410,447)</b>	<b>263,132</b>

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.

The 2022/23 valuations were undertaken by Carter Jonas Chartered Surveyors. 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.

## NOTES TO THE BALANCE SHEET

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.

	2021/22 £	2022/23 £
Opening Balance - 1 April	6,217,500	5,947,000
Additions	0	95,383
Transfers and reclassifications	(53,000)	0
Net gains / (losses) from fair value adjustments	(217,500)	(665,383)
<b>Closing Balance - 31 March</b>	<b>5,947,000</b>	<b>5,377,000</b>

### 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

	2021/22 £	2022/23 £
<b><u>Asset Cost or Valuation</u></b>		
Asset values at 1 April	170,512	176,291
Additions	5,779	10,822
Derecognition	0	(60,421)
<b>Asset values at 31 March</b>	<b>176,291</b>	<b>126,692</b>
<b><u>Amortisation</u></b>		
Accumulated Amortisation at 1 April	(114,133)	(145,603)
Amortisation charge for the year	(31,470)	(20,990)
Derecognition	0	60,421
<b>Accumulated Amortisation at 31 March</b>	<b>(145,603)</b>	<b>(106,172)</b>
<b>Net carrying amount at 31 March</b>	<b>30,688</b>	<b>20,519</b>

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.

## NOTES TO THE BALANCE SHEET

### D4. Non-Current Debtors

	31 March 2022 £	31 March 2023 £
Starter Home Initiative	45,235	45,235
Council Mortgages & Housing Act Advances	31,500	31,500
Charities	72,880	69,316
Housing Improvement Loans	54,085	51,732
Housing Strategy Loans	11,692	0
Employee Car Loans	7,970	2,283
Loan to 'Friends of the Cotswolds'	301,725	280,009
Loan to 'Barn Theatre'	15,556	9,148
Community Infrastructure Levy (CIL)	0	418,056
Finance Leases - principal outstanding	3,697,827	2,888,917
	<b>4,238,469</b>	<b>3,796,195</b>

### D5. Debtors

	31 March 2022 £	1 March 2023 £
Government Departments	6,504,376	1,172,086
NHS	149,995	0
Other Local Authorities (Statutory)	5,048,596	3,408,477
Other Local Authorities (Trading)	465,174	731,225
Collection Fund debtors (CDC Share)	1,902,419	1,632,579
Housing Benefit recovery	683,670	648,154
Finance Leases - principal outstanding	851,507	860,604
Housing Association RTB receipts	941,058	0
Covid Grants	146,015	573,018
CIL Debtors	0	1,566,540
Sundry Debtors	615,455	524,031
Other Debtors	656,297	1,163,851
Prepayments	387,000	411,737
	<b>18,351,562</b>	<b>12,692,302</b>
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(327,690)	(200,424)
Housing Benefit recovery	(581,119)	(580,632)
Sundry Debtors	(123,459)	(120,897)
	<b>17,319,294</b>	<b>11,790,349</b>

## NOTES TO THE BALANCE SHEET

### D6. Creditors

	31 March 2022	31 March 2023
	£	£
Government Departments	(10,340,418)	(2,784,218)
Agency Creditor - Covid Business Grants	(5,197,437)	(874,641)
Other Local Authorities (statutory)	(1,043,895)	(1,428,708)
Other Local Authorities (trading)	(56,104)	(597,406)
Collection Fund creditors (CDC Share)	(402,366)	(229,059)
Sundry Creditors	(109,059)	(277,298)
Finance Leases - principal outstanding	(23,585)	(15,767)
Other Creditors	(1,378,850)	(2,890,116)
Receipts in advance:		
- Agency Council Tax Energy Rebate	(3,913,950)	(728,120)
- Council Tax / NNDR payers	(473,847)	(453,918)
- Government Departments (restated)	(275,365)	(118,835)
- Sundry Creditors	(1,526,792)	(1,395,407)
	<u>(24,741,668)</u>	<u>(11,793,493)</u>
S106 Balances	(1,941,457)	(2,849,784)
	<u><b>(26,683,125)</b></u>	<u><b>(14,643,277)</b></u>

### 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	(1,299,869)	0	274,378	0	<b>(1,025,491)</b>
	<u><b>(1,299,869)</b></u>	<u><b>0</b></u>	<u><b>274,378</b></u>	<u><b>0</b></u>	<u><b>(1,025,491)</b></u>

#### 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 the 2010 valuation list and the 2017 list came into effect in April 2017 together with a Check, Challenge and Appeal process, replacing the former appeals process.



## NOTES TO THE BALANCE SHEET

### 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.

	2021/22 £	2022/23 £
<b>Opening Capital Financing Requirement</b>	<b>63,187</b>	<b>16,017</b>
<b>Capital investment in the year</b>		
Property, Plant & Equipment	1,731,477	2,484,332
Intangible Assets	5,779	0
Revenue Expenditure Funded from Capital under Statute	955,031	2,076,405
	<b>2,692,287</b>	<b>4,560,737</b>
<b>Sources of finance</b>		
Capital Receipts	367,570	2,106,430
Better Care Funding/Disabled Facilities Grants	850,269	1,092,136
	0	883,320
Other grants & external funding	1,227,718	87,274
Earmarked Reserves	43,900	187,383
Direct Revenue Contributions	250,000	200,000
	<b>2,739,457</b>	<b>4,556,543</b>
<b>Net increase / (decrease) in Capital Financing Requirement</b>	<b>(47,170)</b>	<b>4,194</b>
<b>Closing Capital Financing Requirement</b>	<b>16,017</b>	<b>20,211</b>

A decrease in Capital Financing Requirement in 2021/22 represented assets acquired under a finance lease arrangement, the reduction in capital financing requirement represents assets leased under a finance lease financed through revenue leasing charges in year. The increase in requirement in 2022/23 represents EVCP assets financed through the Community Municipal Investment less assets acquired under finance leases financed through annual revenue leasing charges.

### D9. Assets Held for Sale

<b>Current Assets</b>	2021/22 £	2022/23 £
Opening Balance - 1 April	0	300,000
Assets classified as/(transferred from) held for sale during the year:		
- Property, Plant & Equipment	300,000	
Assets sold		(300,000)
<b>Closing Balance - 31 March</b>	<b>300,000</b>	<b>0</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### 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 1<sup>st</sup> 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:

	2021/22 £	2022/23 £
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<i>Cost of Services:</i>		
Current Service Cost	2,897,000	2,507,000
Past Service Cost	26,000	168,000
<i>Financing and Investment Income &amp; Expenditure:</i>		
Net Interest Expense	941,000	1,040,000
<b>Net Charge to Surplus or Deficit on Provision of Services</b>	<b>3,864,000</b>	<b>3,715,000</b>
<i>Other post employment benefit charged to Comprehensive Income &amp; Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	(4,437,000)	4,330,000
Actuarial (gains) / losses arising on changes in financial assumptions	(7,250,000)	(43,869,000)
Actuarial (gains) / losses arising on changes in demographic assumptions	(2,097,000)	(832,000)
Experience (gains) / losses	2,844,000	7,344,000
	<b>(10,940,000)</b>	<b>(33,027,000)</b>
<b>Total post employment benefits charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(7,076,000)</b>	<b>(29,312,000)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	<b>(3,864,000)</b>	<b>(3,715,000)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employers' contributions payable to the scheme	<b>1,262,000</b>	<b>1,420,000</b>

## 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 2022 £	31 March 2023 £
Present value of the defined benefit obligation - funded	(129,254,000)	(95,432,000)
Present value of unfunded obligations	(2,678,000)	(2,240,000)
Fair Value of Plan Assets	94,012,000	90,484,000
<b>Net liability arising from defined benefit obligation</b>	<b>(37,920,000)</b>	<b>(7,188,000)</b>

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

	2021/22 £	2022/23 £
Opening Fair Value of Scheme Assets	90,252,000	94,012,000
Interest Income	1,784,000	2,514,000
Remeasurement Gains / (Losses)	3,977,000	(4,330,000)
Employers' Contributions	1,122,000	1,276,000
Employee Contributions	381,000	369,000
Contributions in respect of unfunded benefits	140,000	144,000
Benefits Paid	(3,504,000)	(3,357,000)
Unfunded Benefits Paid	(140,000)	(144,000)
<b>Closing Balance 31 March</b>	<b>94,012,000</b>	<b>90,484,000</b>

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

	2021/22 £	2022/23 £
Opening Balance 1 April	(136,510,000)	(131,932,000)
Current Service Cost	(2,897,000)	(2,507,000)
Interest Cost	(2,725,000)	(3,554,000)
Contributions from Scheme Participants	(381,000)	(369,000)
Past Service Cost	(26,000)	(168,000)
Remeasurement Gains / (Losses)	6,963,000	37,357,000
Benefits Paid	3,504,000	3,357,000
Unfunded Benefits Paid	140,000	144,000
<b>Closing Balance 31 March</b>	<b>(131,932,000)</b>	<b>(97,672,000)</b>
	Funded	(129,254,000)
	Unfunded	(2,678,000)
		(95,432,000)
		(2,240,000)

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Composition of Scheme Assets

	2021/22				2022/23			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
<b>Debt Securities</b>								
Corporate Bonds (investment grade)			0.0	0%			-	0%
Corporate Bonds (non investment grade)			0.0	0%			-	0%
UK Government			0.0	0%			-	0%
Other			0.0	0%			-	0%
<b>Private Equity</b>								
All	-	1,025.1	1,025.1	1%	-	1,721.9	1,721.9	2%
<b>Real Estate</b>								
UK Property	3,914.2	2,727.5	6,641.7	7%	3,172.7	2,872.2	6,044.9	7%
Overseas Property	-	654.4	654.4	1%	-	1,581.0	1,581.0	2%
<b>Investment Funds and Unit Trusts</b>								
Equities	-	63,931.5	63,931.5	68%	-	57,900.8	57,900.8	64%
Bonds	6,004.4	11,320.6	17,325.0	18%	5,785.2	9,755.5	15,540.7	17%
Infrastructure	-	946.5	946.5	1%	-	3,230.7	3,230.7	4%
Other	-	2,235.4	2,235.4	2%	-	3,598.1	3,598.1	4%
<b>Derivatives</b>								
Foreign Exchange	-	-	0.0	0%	-	-	0.0	0%
Other	-	-	0.0	0%	-	-	0.0	0%
<b>Cash and Cash Equivalents</b>								
All	1,252.4	-	1,252.4	1%	865.9	-	865.9	1%
	<b>11,171</b>	<b>82,841</b>	<b>94,012</b>	<b>100%</b>	<b>9,824</b>	<b>80,660</b>	<b>90,484</b>	<b>100%</b>



## 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:

<b>Mortality Assumptions (average future life expectancy at age 65 - years)</b>	<b>Males</b>	<b>Females</b>
Current Pensioners	22.2 years	24.7 years
Future Pensioners*	23.0 years	26.2 years
*Assume members aged 45 as at last formal valuation date - 31 March 2022		
<b>Financial Assumptions</b>	<b>31 March 2022</b>	<b>31 March 2023</b>
Rate of increase in pensions	3.2%	3.0%
Rate of increase in salaries	3.7%	3.5%
Discount Rate	2.7%	4.8%

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 2021 model, with a 10% 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:

	<b>Approx. increase in liability</b>	
	<b>%</b>	<b>£</b>
0.1% decrease in Real Discount Rate	2%	1,534,000
0.5% increase in salary increase rate	1%	835,000
0.1% increase in pension increase rate	1%	1,390,000
1 year increase in life expectancy	4%	3,907,000

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 31<sup>st</sup> March 2024 will be approximately £2,595,000.

## 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 2022			31 March 2023	
Non-Current £	Current £		Non-Current £	Current £
		<b>Financial Assets at Amortised Cost</b>		
0	5,500,083	Investments	0	4,283,030
1	0	Ubico Shareholding	1	0
0	6,143,613	Cash and cash equivalents	0	3,230,821
540,642	2,952,170	Debtors	907,278	4,123,297
3,697,827	852,955	Finance Leases	2,888,917	860,604
4,238,470	15,448,821		3,796,196	12,497,752
		<b>Fair Value through Profit or Loss</b>		
10,454,693	1,136,850	Investments	9,432,128	1,166,564
0	8,703,827	Cash and cash equivalents	0	8,978,545
10,454,693	9,840,677		9,432,128	10,145,109
		<b>Fair Value through Other Comprehensive Income</b>		
1,030,000	5,750	Designated Equity Instruments	1,000,000	7,125
<b>15,723,163</b>	<b>25,295,248</b>	<b>Total Financial Assets</b>	<b>14,228,324</b>	<b>22,649,986</b>
		<b>Financial Liabilities at Amortised Cost</b>		
0	0	Borrowing	(357,254)	(93,503)
0	(4,994,707)	Creditors	0	(3,996,279)
(15,767)	(23,585)	Finance Leases	0	(15,767)
<b>(15,767)</b>	<b>(5,018,292)</b>	<b>Total Financial Liabilities</b>	<b>(357,254)</b>	<b>(4,105,549)</b>

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

	Non Current Debtors £	Current Debtors £	Current Creditors £
Total on Balance Sheet	3,796,195	11,790,349	(11,793,773)
Finance Leases (shown separately)	(2,888,917)	(860,604)	15,767
<u>Items not classified as Financial Instruments:</u>			
Statutory & Government Debtors / Creditors	0	(6,394,711)	5,085,446
Payments / Receipts in Advance	0	(411,737)	2,696,281
<b>Total Debtors / Creditors (as above)</b>	<b>907,278</b>	<b>4,123,297</b>	<b>(3,996,279)</b>



## 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:

2021/22					2022/23			
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
£	£	£	£		£	£	£	£
				<b><u>Financing &amp; Investment Income and Expenditure</u></b>				
				Interest Expense	6,030			
(7,730)	(368,432)	(23,500)		Interest / Dividend income	(446,708)	(607,405)	(28,250)	
(113,846)				Changes in impairment loss allowance				
	(422,705)			Changes in fair value		998,338		
				<b><u>Other Comprehensive Income</u></b>				
				Changes in fair value			30,000	
<b>(121,576)</b>	<b>(791,137)</b>	<b>(23,500)</b>	<b>0</b>	<b>Net (Gains) / Losses for the Year</b>	<b>(440,678)</b>	<b>390,933</b>	<b>1,750</b>	<b>0</b>

## 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 2023 £
<u>Fair Value through Profit or Loss</u>		
Money Market Funds	Level 1	8,978,545
Pooled Investment Funds	Level 1	10,598,692
		<b>19,577,237</b>

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 2022		31 March 2023	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<b>Financial Assets at Amortised Cost</b>				
Investments	5,500,083	5,500,083	4,283,030	4,283,030
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	6,143,613	6,143,613	3,230,821	3,230,821
Non-Current Debtors	540,642	540,642	907,278	907,278
Non-Current Finance Leases	3,697,827	3,697,827	2,888,917	2,888,917
	<b>15,882,166</b>	<b>15,882,166</b>	<b>11,310,047</b>	<b>11,310,047</b>
<b>Financial Liabilities at Amortised Cost</b>				
Borrowing	0	0	(450,757)	(450,757)
Non-Current Finance Leases	(15,767)	(15,767)	0	0
	<b>(15,767)</b>	<b>(15,767)</b>	<b>(450,757)</b>	<b>(450,757)</b>

## 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 2022 £	31 March 2023 £	31 March 2022 £	31 March 2023 £
Fundamentum Social Housing REIT plc	1,030,000	1,000,000	23,500	28,250
	<b>1,030,000</b>	<b>1,000,000</b>	<b>23,500</b>	<b>28,250</b>

### 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 2023 is £450,757 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 Limited (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 Limited 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 2023, none of the loan facility had been utilised. However, a request by Cottsway 2 Limited to drawdown funds of £1,591,019 was actioned on 26 June 2023.

## **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 Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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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.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### 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:

	<b>Investment Balance</b>
<u>Fixed duration deals</u>	
A+ Rated Banks	£0
Local Authorities	£0
Central Government	£4,283,030
<u>Call accounts and other 'cash equivalent' investments</u>	
Money Market Funds	£8,978,545
Call Accounts	£3,104,151
<u>UK Equities</u>	£1,007,125
<u>Pooled funds</u>	
Non-rating agency rated pooled fund <i>separately approved by the Council's Treasury Management advisors</i>	£10,598,692

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

	<b>Investment values - maturing within:</b>			
	<b>0-3 mths</b>	<b>3-6 mths</b>	<b>6-12 mths</b>	<b>1 year +</b>
<u>Internally managed funds</u>				
UK Banks				
UK Local Authorities				
Central Government	£4,283,030			
Money Market Funds	£8,978,545			
Call Accounts	£3,104,151			
UK Equities	£7,125			£1,000,001
<u>Externally managed funds</u>				
Pooled Funds	£70,443			£10,528,249

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### 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

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 £273,366.

### 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.

### 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]

##### Operating Leases

The Authority has entered into a number of operating leases. The minimum lease payments payable on these operating leases in future years are as follows:

	31 March 2022 £	31 March 2023 £
Not later than one year	91,871	53,702
Later than one year & not later than five years	130,632	101,944
Later than five years	71,250	46,561
	<b>293,753</b>	<b>202,207</b>

Operating lease payments charged to Cost of Services during the year totalled £49,684 (2021/22 £93,182).

##### Finance Leases

The Council hire print room equipment under a finance lease. The assets are carried as Property, Plant and Equipment in the Balance Sheet at the following amount:

	31 March 2022 £	31 March 2023 £
Vehicles, plant, furniture & equipment	39,352	15,767
	<b>39,352</b>	<b>15,767</b>

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the equipment acquired and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2022 £	31 March 2023 £
Finance lease liabilities:		
Current	23,585	15,767
Non Current	15,767	0
Finance costs payable in future years	5,608	2,247
<b>Minimum Lease Payments</b>	<b>44,960</b>	<b>18,014</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The minimum lease payments will be paid over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£	£	£	£
Not later than one year	26,945	18,014	23,585	15,767
Later than one year & not later than five years	18,014	0	15,767	0
Later than five years	0	0	0	0
	<b>44,959</b>	<b>18,014</b>	<b>39,352</b>	<b>15,767</b>

### 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 2022	31 March 2023
	£	£
Present value of principal payments outstanding on non current assets	4,549,321	3,749,521
Unearned finance income	2,858,229	2,761,047
	<b>7,407,550</b>	<b>6,510,568</b>

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 2022	31 March 2023	31 March 2022	31 March 2023
	£	£	£	£
Not later than one year	962,391	960,907	852,955	860,604
Later than one year & not later than five years	3,253,330	2,673,531	2,950,378	2,416,710
Later than five years	3,191,828	2,876,130	745,987	472,207
	<b>7,407,550</b>	<b>6,510,568</b>	<b>4,549,321</b>	<b>3,749,521</b>



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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 2022/23 the Council received £135,811 in contingent rents (2021/22 £126,248).

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:

	<b>31 March 2022 £</b>	<b>31 March 2023 £</b>
Not later than one year	914,929	794,438
Later than one year & not later than five years	1,817,426	1,938,768
Later than five years	257,369	77,017
	<b>2,989,724</b>	<b>2,810,223</b>

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

# ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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## 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

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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

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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

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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 Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 (SI 2018/1207). This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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This statutory provision ceases on 31 March 2025.

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### **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.



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### 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

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### The council as lessee

##### Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from use of the leased property, plant or equipment. Charges 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 rent-free period at the commencement of the lease).

### **The Council as lessor**

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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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:

- 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:

- infrastructure, 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.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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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:

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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 service on behalf of the Council. The separate operating practices and management structure, the application of majority-voting on the Ubico Limited. board do not constitute the Council having joint-control or significant influence over the company. indicates that the Council does not have 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



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses 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 August 2022) 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.

- Grants are only recognised as income in the CIES, where the Council is acting as principal. If the Council is acting as an agent (intermediary), then the net balance of monies to either be repaid or due to the council, will be shown on the balance sheet. It is deemed the Council is acting as principal if they have control of a grant i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the grant. Following the receipt of a grant, the Council determines whether in administering the grant it is acting as the agent or principal.

Where the Council is acting as agent the following conditions apply:

- It was acting as an intermediary between the grant recipient and the Government Department;
- It did not have "control" of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the Council is acting as principal, it was able to use its own discretion when allocating the amount of grant payable. The Council has concluded it has acted as an agent when distributing mandatory council tax rebate support for energy bills during 2022/23.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### E7. Assumptions and Other Major Sources of Estimation

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, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual result differs from assumptions
<p>Property, Plant &amp; Equipment – Operational Property</p>	<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 and Leisure Centres it has been considered prudent to revalue all assets within these sectors.</p> <p>The Councils car parks were reviewed by the in house valuers and three car parks were identified as requiring revaluation in 2022/23 resulting in an increase in value of £0.257m. The valuations were based on assumptions around building costs and average income received which had fallen during the pandemic period and recovered during 2021/22 and 2022/23 partly due to increased visitor numbers and partly due to increased charges.</p> <p>The remainder of the portfolio unvalued in 2022/23 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 2022 for the Council's investment property portfolio and approximately 72% 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 have conducted a high level sensitivity analysis looking at the build cost growth over a period, 12 months prior to valuation and at the current</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 £32m.</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 £58m.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by approximately £46,000 for every year that useful lives had to be reduced.</p>



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Item	Uncertainties	Effect if actual result differs from assumptions
	<p>levels. 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 assets 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>	
Fair Value measurement of Investment Property	<p>The Council's external 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 £268,000.</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>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>
Going Concern	<p>The Council approves its budgets and Medium-Term Financial Strategy based upon its best estimates of spending plans and future levels of funding. Sources of income, grant funding and savings plans are all liable to change. Medium to</p>	<p>If estimates on income, funding or savings plans are subject to adverse variance, the Council will be able to draw upon revenue reserves to smooth fluctuations</p>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Item	Uncertainties	Effect if actual result differs from assumptions
	<p>longer term financial forecasts are subject to a greater potential for variation than shorter term forecasts.</p>	<p>in funding until alternative savings plans are developed.</p> <p>The provisions in the CIPFA code in respect of going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that local authorities have no ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (i.e. management deciding to liquidate the entity or cease trading). As Councils cannot be created or dissolved without statutory prescription, it would not be appropriate for local Authority financial statements to be prepared on anything other than a going concern basis.</p> <p>It is therefore assumed that the Council will remain a going concern with the assumption that the Council's services will continue for the foreseeable future. There is no material uncertainty in relation to going concern.</p>



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### 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 the 1 April 2024:

- IFRS 16 Leases

IFRS 16 is not anticipated to have a material effect on the financial statements or balances of the council since the changes mainly affect the recognition of leases by lessees and the authority does not have any material finance or operating lease liabilities as lessee. The Council also have not opted to adopt the standard early.

### 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.

- Twelve Cabinet Members have declared an interest as a Town or Parish Councillor where precepts, grants and contributions (£70,414) were awarded during 2022/23 (£18,535 in 2021/22).
- One Cabinet Member was nominated by the Council to sit on the board of Cotswold Conservation Board, who received grants of £31,286 from the Council during 2022/23 (£25,566 in 2021/22).

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 2023 three of the Council's Members were also Members of Gloucestershire County Council (3 as of 31 March 2022). Cotswold District Council made payments of £283,998 to the County Council and received grants, fees and contributions of £2,390,079 during 2022/23.

#### Officers

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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.

At 31 March 2023 the Council owed Publica £106,599 (creditors and receipts in advance) (31 March 2021, £402,672) and was owed £434,570 (debtors and payments in advance) (31 March 2021, £214,113).

### 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 1/7<sup>th</sup> 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 1/8<sup>th</sup> 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.

At 31 March 2023, Ubico Limited owed the Council £679,281.08(debtors) (2021/22, £522,994) and the Council owed Ubico Limited £891,883 (creditors and receipts in advance) (2021/22, £123,247).

### 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).

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### **E10. Events After The Balance Sheet Date**

The Chief Finance Officer authorised the Statement of Accounts on 26 September 2023.

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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



# 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

	2021/22 £	2022/23 £
Depreciation, amortisation and impairment	1,457,668	1,632,399
Increase / (decrease) in creditors	5,637,478	(7,403,456)
(Increase) / decrease in debtors	779,344	(18,291)
Increase / (decrease) in provision for bad debts	(122,578)	(1,917)
(Increase) / decrease in inventories	10,774	(7,450)
Pensions' liability	2,602,000	2,295,000
Carrying amount of non current assets sold	182,172	353,155
Increase / (decrease) in provisions	181,649	(274,378)
Movements in the fair value of investment properties	217,500	195,009
Movements in the fair value of financial instruments	(422,705)	0
Other non cash items charged to Surplus/Deficit on Provision of Services	(21,398)	1,663,721
	<b>10,501,904</b>	<b>(1,566,208)</b>

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

	2021/22 £	2022/23 £
Capital grants applied to the financing of capital expenditure	(2,628,163)	(4,847,804)
Proceeds from the sale of non current assets	(834,467)	(375,000)
Unattached capital receipts	(989,455)	0
	<b>(4,452,085)</b>	<b>(5,222,804)</b>

### F3. Investing Activities

	2021/22 £	2022/23 £
Purchase of property, plant & equipment and other capital investment	(1,805,214)	(2,042,494)
Purchase of short term and long term investments	(91,450,000)	(238,590,000)
Proceeds from the sale of non current assets	1,845,318	371,643
Proceeds from disposal of short term and long term investments	85,950,000	239,810,000
Other (receipts) / payments from investing activities	2,665,866	6,591,811
	<b>(2,794,030)</b>	<b>6,140,960</b>



## NOTES TO THE CASH FLOW STATEMENT

### F4. Financing Activities

	2021/22 £	2022/23 £
Finance Lease repayments	(47,169)	427,173
Other payments from financing activities	0	0
	<b>(47,169)</b>	<b>427,173</b>

## 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).

2021/22					2022/23		
Business Rates £	Council Tax £	Total £		Note	Business Rates £	Council Tax £	Total £
0	(79,477,395)	(79,477,395)	Council Tax receivable	G1		(83,600,629)	(83,600,629)
(24,572,099)	0	(24,572,099)	Business Rates Receivable	G2	(27,473,912)		(27,473,912)
(68,440)	0	(68,440)	Transitional Protection Payments		104,500		104,500
(18,802,709)	0	(18,802,709)	Contribution to previous year's deficit		(12,241,539)		(12,241,539)
<b>(43,443,248)</b>	<b>(79,477,395)</b>	<b>(122,920,643)</b>	<b>Total Income</b>		<b>(39,610,951)</b>	<b>(83,600,629)</b>	<b>(123,211,580)</b>
			<u>Apportionment of previous year's deficit</u>				
0	(79,749)	(79,749)	Cotswold District Council		0	(7,266)	(7,266)
0	(417,056)	(417,056)	Gloucestershire County Council		0	(45,904)	(45,904)
0	(66,536)	(66,536)	Gloucestershire Police & Crime Commissioner		0	(8,798)	(8,798)
0	(563,341)	(563,341)			0	(61,968)	(61,968)
			<u>Precepts, Demands and Shares</u>				
16,984,751	0	16,984,751	Central Government		13,823,343		13,823,343
13,587,800	9,334,783	22,922,583	Cotswold District Council		11,058,698	9,933,842	20,992,540
3,396,950	58,973,303	62,370,253	Gloucestershire County Council		2,764,675	61,237,004	64,001,679
0	11,302,348	11,302,348	Gloucestershire Police & Crime Commissioner			11,817,396	11,817,396
33,969,501	79,610,434	113,579,935			27,646,716	82,988,242	110,634,958
			<u>Charges on the Collection Fund</u>				
13,450	81,437	94,887	Write-offs of uncollectable amounts		81,743	88,807	170,550
752,207	(1,117,567)	(365,360)	Increase / (decrease) in Bad Debt / Appeals Provisions	G3	(412,661)	74,990	(337,671)
184,555	0	184,555	Cost of Collection		189,319		189,319
67,245	0	67,245	Disregarded Amounts	G4	80,826		80,826
1,017,457	(1,036,130)	(18,673)			(60,773)	163,797	103,024
<b>34,986,958</b>	<b>78,010,963</b>	<b>112,997,921</b>	<b>Total Expenditure</b>		<b>27,585,943</b>	<b>83,090,071</b>	<b>110,676,014</b>
<b>(8,456,290)</b>	<b>(1,466,432)</b>	<b>(9,922,722)</b>	<b>(Surplus) / Deficit for the Year</b>		<b>(12,025,008)</b>	<b>(510,558)</b>	<b>(12,535,566)</b>
19,989,283	1,869,166	21,858,449	(Surplus) / Deficit brought forward		11,532,993	402,734	11,935,727
<b>11,532,993</b>	<b>402,734</b>	<b>11,935,727</b>	<b>(Surplus) / Deficit carried forward</b>	G5	<b>(492,015)</b>	<b>(107,824)</b>	<b>(599,839)</b>

# 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 local 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 2022/23.

Valuation Bands	Estimated number of taxable dwellings*	Ratio	Equivalent number of Band D dwellings
A- Band A - entitled to disabled relief reduction	4.00	5/9	2.22
A up to £40,000	2,983.00	6/9	1,988.67
B £40,001 - £52,000	4,481.70	7/9	3,485.77
C £52,001 - £68,000	10,118.40	8/9	8,994.13
D £68,001 - £88,000	7,410.74	1	7,410.74
E £88,001 - £120,000	5,994.30	11/9	7,326.37
F £120,001 - £160,000	4,714.30	13/9	6,809.54
G £160,001 - £320,000	4,438.50	15/9	7,397.50
H over £320,001	686.00	18/9	1,372.00
Contributions in lieu (South Cerney Barracks)	176.44	-	176.44
			44,963.38
			Adjustments for collection rates and anticipated changes during the year
			-2,770.45
			<b>42,192.93</b>

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 £1,875.37 per dwelling for 2022/23 (2021/22 - £1,818.23) 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 2022/23 the Authority benefited from a Pool distribution of £439,820 (£350,000 in 2021/22).

	2021/22 £	2022/23 £
Total Non Domestic Rateable Value at 31 March	£90,025,907	£102,718,879
National Non-domestic Rate Multiplier - Higher	51.2	51.2
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. Tax Payers' Arrears & Provisions for Uncollectable Amounts

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

	2021/22 £	2022/23 £	% of arrears
Council Tax	(100,010)	(175,000)	3.4%
National Non Domestic Rates	(789,900)	(448,690)	17.6%
	<b>(889,910)</b>	<b>(623,690)</b>	

### 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 2023:

	<b>Cotswold District Council £</b>	<b>Gloucs. County Council £</b>	<b>Central Govt. £</b>	<b>Gloucs. P&amp;CC £</b>
<b>Council Tax</b>				
Debtors	612,044	3,772,943	n/a	728,061
Bad Debt Provision	(20,947)	(129,121)	n/a	(24,918)
Prepayments and Overpayments	(174,516)	(1,075,803)	n/a	(207,596)
(Surplus) / Deficit at 31 March	(12,906)	(79,556)	n/a	(15,352)
<b>Business Rates</b>				
Debtors	1,020,535	255,134	1,275,668	n/a
Bad Debt Provision - Tax Payers	(179,476)	(44,869)	(224,345)	n/a
Bad Debt Provision - Appeals	(1,025,490)	(256,373)	(1,281,863)	n/a
Prepayments and Overpayments	(279,402)	(69,851)	(349,252)	n/a
(Surplus) / Deficit at 31 March	196,699	49,174	245,867	n/a

The apportionment of the balances on the Collection Fund as at 31 March 2022 is as follows:

	<b>Cotswold District Council £</b>	<b>Gloucs. County Council £</b>	<b>Central Govt. £</b>	<b>Gloucs. P&amp;CC £</b>
<b>Council Tax</b>				
Debtors	619,394	3,911,744	n/a	749,821
Bad Debt Provision	(11,730)	(74,080)	n/a	(14,200)
Prepayments and Overpayments	(182,037)	(1,149,645)	n/a	(220,369)
(Surplus) / Deficit at 31 March	47,241	298,345	n/a	57,188
<b>Business Rates</b>				
Debtors	1,668,191	417,018	2,085,238	n/a
Bad Debt Provision - Tax Payers	(315,960)	(78,990)	(394,950)	n/a
Bad Debt Provision - Appeals	(1,299,869)	(324,967)	(1,624,835)	n/a
Prepayments and Overpayments	(208,030)	(52,007)	(260,037)	n/a
(Surplus) / Deficit at 31 March	(4,613,195)	(1,153,299)	(5,766,500)	n/a

# ANNUAL GOVERNANCE STATEMENT

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## ANNUAL GOVERNANCE STATEMENT 2022/23

### 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 31<sup>st</sup> March 2023 and up to the date of approval of the Annual Statement of Accounts.

In October 2022, we asked the Local Government Association to run a peer review, where councillors and officers from other councils come and visit and give an independent assessment of how the council operates. It is good practice to have one of these reviews every 3-4 years, with the last review taking place in 2019, and the report is intended to point out what is working well and where the council can continue to improve to deliver for local residents. We see this as a valuable exercise to help us do the best we can for the district. The report stated that “it has become an organisation, and with a leadership, that is ambitious and outward looking. The drive, energy and passion of the Administration and Chief Executive are clear to see”.

Recommendations from the Peer Review included the following:

# ANNUAL GOVERNANCE STATEMENT

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- The council needs to reassure itself that its governance arrangements are robust
- Refine and adapt the leadership approach in engaging local authority partners in order to ensure shared objectives can be achieved
- Determine what Overview and Scrutiny is there to do and provide the appropriate support to it
- Establish a training and development programme for elected members and ensure good induction arrangements are in place for after the election • Cabinet continues to be cognisant of the financial challenge that exists and demonstrate the required leadership and collective responsibility for addressing it
- Take stock of the Recovery Investment Strategy and what it can deliver
- Ensure all necessary due diligence is undertaken in relation to the budget proposals and that the proposals are realisable
- Address the concerns of staff about the way they are treated by some senior leaders within the council and the Publica organisation
- Undertake more direct dialogue between the senior leadership of the council and Publica in order to address the following issues:
  - The continued appropriateness of some functions remaining with Publica
  - Where direction is set from, clarity of roles and where accountability sits
  - How increased strategic capacity is provided to support the council
  - Translating the political objectives into manageable deliverables
  - Developing a focus on organisational culture and behaviours and staff well-being

The peer review report was published for the Full Council meeting on 18 January 2023. All recommendations now form part of an action plan which is being monitored and managed by the Chief Executive, with all recommendations to be completed by 2023/24.

During 2022/2023, the Council recognised the challenge of the Cost-of-Living Crisis which has had a significant impact on the Council, its residents, and businesses. A Cost-of-Living motion was debated at Full Council on 20 July 2022, and in response a Cost-of-Living Group of cross party elected members was established. The group has focussed 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 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 CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;

# ANNUAL GOVERNANCE STATEMENT

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- 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 was reviewed and presented to Council in October 2022. The Constitution is supported and underpinned by a separate Code of Conduct for Members which was updated in March 2023 and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further supported by Publica's<sup>1</sup> Business Conduct rules which set out guidelines for staff on behavioural issues.
- Declarations 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 and hospitality is maintained by the Corporate Responsibility team and is considered by the Governance Group every quarter.
- 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 Committee. A Whistleblowing policy is in place and any reports are investigated by the Counter Fraud and Enforcement Unit.
- A Counter-Fraud Unit, which delivers services across Gloucestershire and in West Oxfordshire District Council is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to the Audit Committee twice a year.
- Meetings are minuted, with decisions and key actions recorded appropriately and published on the Council website.
- The Communications team ensures that communications through all of our various channels supports information / messaging and council services, and supports information to reach audiences externally and internally. A bespoke Communications Strategy was put in place to help

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<sup>1</sup> Publica Group (Support) Limited is a local authority owned company, jointly owned by Cheltenham Borough Council and Cotswold, Forest of Dean and West Oxfordshire District Councils. Over 95% of staff formerly employed by Cotswold District Council are now employed by Publica which delivers services on behalf of the Council.



key audiences feel 'informed, reassured, safe and inspired', and this has been evaluated and adapted throughout the cost-of-living crisis.

## **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 T
  - 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 2020-2024 was refreshed in May 2022 and is available on the Council's 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
  - A Scheme of Delegation for Planning officers is included within the Constitution. Further work is ongoing and Council will be considering a proposed and comprehensive Scheme of Delegation for officers on 14 July 2021.
  - 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.
  - Communication channels with staff include: one-to-one meetings between an officer and their supervisor, a weekly update email to all staff from the Publica Directors (Keeping you connected) and an online portal which contains informal blogs, policies, and further detail on subjects highlighted in the Keeping you connected update. Our partner, Publica achieved Investors in People (IIP) accreditation in 2022.
  - A Customer Feedback form is available publicly for handling 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.
  - The Council maintains clear channels of communication with all sections of the Community and other Stakeholders.
  - Members of the public may ask questions at all meetings held in public. We have changed our approach as part of the Council Constitution in 2022/23 to make it even more transparent. A report is produced quarterly for the Overview and Scrutiny Committee and Cabinet regarding the service and financial performance of the council and the achievement of 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, 2020 - 2024 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 as a number of projects have progressed and the local and national picture has developed. Publica and Ubico deliver the majority of the Council's services, and both produce an annual Business Plan which is approved by the Council.
  - An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance.
  - 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.
  - 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.
  - In September 2020 the Council approved its first Recovery Investment Strategy to support the key priorities in the Corporate Strategy 2020- 2024. Since the Council approved the refreshed Strategy in July 2022 a number of external, economic factors made borrowing and investment decisions more complex given both the level of uncertainty and the impact of both higher inflation and interest rates. As such, at the Cabinet Meeting in November 2022, a decision was made to rescind the Strategy, to allow the Council to consider the broader financial position and develop revenue and capital savings and transformation proposals that address the indicative funding gap.

## 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 company, Publica Group (Support) Limited (Publica), to deliver more efficient and improved 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, 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 relevant Scrutiny Committee(s) 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.
- In addition to the creation of Publica, the Council continues to secure savings through improved use of its assets and investments. In March 2023, a Cabinet Transform Working Group was formed to review potential saving proposals across all services. This will be further developed in 2023/24.
- The Council will conduct a review of future service delivery options to make sure the solutions needed for the Council to achieve financial stability can be achieved, given the Medium Term Financial Strategy (MTFS) shortfall over the years ahead. The review will examine the priorities for service delivery options and transformation
- 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 Committee.
- 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. A Risk Group reviews risk registers each quarter, escalating any emerging risks to the strategic register.
- Key Performance Indicators are identified and are reported quarterly.
- 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.
- Continue to analyse any legacy impact from the pandemic and the ongoing cost of living crisis and understand how they have impacted our strategic priorities. Understanding and managing a variety of impacts, including financial, service delivery, and health and wellbeing. The Council will continue to work with residents and local businesses to review and respond to their changing needs and to help them protect themselves and others, as well as recover from the health and economic costs arising from the cost-of living crisis

## **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 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 supporting the Council's retained officers' capacity to lead the council and develop ideas, strategies and political engagement
- The move to provision of services via 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, Offices 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 has been 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.

## **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
- 
- A Risk Management Group has been established to undertake quarterly reviews of risk registers, escalating any emerging risks to a strategic level. The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit 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.
  - Minutes of meetings are published and highlight the challenge made by Members to Officers and Cabinet Members.
  - 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) Limited 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 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 Committee, on a quarterly basis.

# ANNUAL GOVERNANCE STATEMENT

- Recommendations made in audit reports are followed up 6 months after the completion of the audit and findings reported to the Audit Committee.
- The Audit Committee's Terms of Reference are contained within the Constitution, Members have experience of a scrutiny role and training is provided when appropriate.
- A Counter Fraud 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 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 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 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 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

# ANNUAL GOVERNANCE STATEMENT

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 Director) 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 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).
- 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 Committee periodically.
- The External Auditors (Grant Thornton) present progress reports to the Audit Committee.
- The External Auditor's Annual Report and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit 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 Committee reviews the Annual Governance Statement.
- The Audit 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 (Grant Thornton), 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 Committee.
- 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 2022/23, in respect of the areas reviewed during the year, was "low reasonable". Areas identified for improvement included:
  - Administration of procurement cards. Actions have been agreed.
  - Recommendations for improvements in Revenues and Benefits, Climate Change, Treasury Management and Business Continuity
  - Recommendations for further improvements to planning validation
- 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 or Grant Thornton are also reviewed.

## 5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2022/23



# ANNUAL GOVERNANCE STATEMENT

When preparing its 2021/2022 statement, the Council identified a number of areas which required focus and attention. Progress by the end of March 2023 is detailed in the table below:

	Key Area of Focus	Proposed Actions	Progress
1.	Raising awareness of the contract procedure rules	<ul style="list-style-type: none"> <li>New Contract and Procurement Strategy to be approved and published to all officers, linking to the Contract Procedure Rules.</li> <li>Planned audit of contract and procurement by SWAP will cover officer awareness of the contract procedure rules</li> </ul>	The new Contract and Procurement Strategy is going to Cabinet for approval on 17/07/23. This was endorsed by the Audit and Governance Committee in April.
2.	A training programme for Members to be developed.	<ul style="list-style-type: none"> <li>A training programme is to be developed in conjunction with West Oxfordshire and the Forest of Dean District Councils.</li> </ul>	Training Programme for Members has been developed and discussed at Council as part of Peer Review Action Plan. Cross party Members Development Steering Group supported by officers in place. Training programme delivered from May 2023
3.	Budget management	<ul style="list-style-type: none"> <li>Review of approvers on 'Business World' to ensure only the approved budget holder (or line manager) is able to approve spending.</li> </ul>	This is undertaken annually. s151 Officer will review appropriateness of the current controls.
4.	Risk management training	<ul style="list-style-type: none"> <li>Training package to be finalised and rolled out.</li> <li>Full training package and other material covering the risk and opportunity guidance to be published on the Publica portal.</li> <li>Planned audit of risk and opportunity management by SWAP will cover officer awareness of guidance.</li> </ul>	There is a Google classroom training application on risk management. This will be reviewed and updated in-line with any changes made to the Risk management process.
5.	Compliance with audit recommendations	<ul style="list-style-type: none"> <li>Improved reporting of outstanding audit recommendations to Local Management Team, Audit Committee and Publica's Audit Risk and Compliance Committee.</li> </ul>	<p>Outstanding recommendations are a regular feature on the local management team agenda.</p> <p>Cabinet have agreed to the Chair of Audit's recommendation that officers with actions that are outstanding for more than six months should report to the Audit Committee.</p> <p>Standing item on LMT agenda with outstanding actions reviewed by SWAP Audit and s151 on a monthly basis.</p>
6.	Business Continuity Plans, development and testing	<ul style="list-style-type: none"> <li>Completion of Business Impact Analysis.</li> </ul>	Business Impact Analysis has been revised and further developed.

## ANNUAL GOVERNANCE STATEMENT

		<ul style="list-style-type: none"> <li>Revised strategic and tactical plans to be developed.</li> <li>Review of all operational plans prior to a complete desktop exercise.</li> <li>New programme and plans to be approved.</li> </ul>	<p>All business areas have reviewed and updated their Business Continuity Plans (BCP) in March 2023 and now include power outage.</p> <p>A business continuity exercise was carried out in October 2022 and learning / improvements were implemented.</p> <p>Work is being undertaken with GCC to identify the key BCP risks and to test / challenge these. This is planned for circa Sept 2023.</p>
7.	Executive and Scrutiny Protocol	<ul style="list-style-type: none"> <li>Development and adoption of an Executive and Scrutiny Protocol</li> </ul>	Completed.
<b>Actions brought forward from 2021/22</b>			
8	Procurement and contract management.	Ensure all contract conditions are being monitored and fulfilled.	Mandatory Commissioning and Procurement Training has been rolled out to service areas. This will be refreshed once the Procurement and Contract Management Strategy has been approved by Cabinet in July 2023/24. It should be noted that Publica provided Procurement and Contract Management training to specific Business areas such as Planning in February this year.
9	Operational Risks.	Governance Group to carry out a quarterly review of operational risk registers to ensure that they are being appropriately populated and that emerging high level risks are being escalated to strategic/corporate register	Risk Management arrangements for the Council and Publica have been discussed as part of the quarterly Risk Management meeting. The s151 Officer is updating the Strategic Risk Register and will update the committee once complete.
10	Project and programme management	High level project risks to be escalated to Strategic/Corporate register.	<p>Risk Management arrangements in relation to project and programme management for the Council and Publica have been discussed as part of the quarterly Risk Management meeting and at the newly established Local Project Board.</p> <p>The s151 Officer is updating the Strategic Risk Register and will include reference to aligning project risk reporting update to the committee once complete.</p>

The Annual Internal Audit Opinion, as drafted by the SWAP Assistant Director (Head of Internal Audit), lists pieces of audit work being conducted during 2022/23, which includes consultancy and advisory services. Assurance reviews were completed during the year.

All recommendations made are followed up by the Audit Team. The team have not raised any additional concerns over the delay or non-implementation of recommendations.

### 6. GOVERNANCE ACTION PLAN FOR 2023/24



## ANNUAL GOVERNANCE STATEMENT

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.

No.	Key Area of Focus	Planned Actions
1.	Raising awareness of the contract procedure rules	<ul style="list-style-type: none"> <li>The new Contract and Procurement Strategy will be approved July 2023. A priority this year will be to rollout Management Training to ensure this new strategy is understood and embedded.</li> </ul>
2.	Financial Management	<ul style="list-style-type: none"> <li>To review the financial procedure rules and financial processes to be completed in 2023/24 against the CIPFA Financial Management Code.</li> </ul>
3.	Risk Management	<ul style="list-style-type: none"> <li>To rollout the Risk Management Training to all relevant officers (Launched in May 2023)</li> <li>To build risk management into the new Leadership and Development Training</li> <li>To ensure the existing risk policy and process enables effective reporting, escalation and mitigation.</li> </ul>
4.	Emergency Planning	<ul style="list-style-type: none"> <li>To further increase community resilience in line with the new Resilience Framework, published in December 2022.</li> <li>To further develop our Emergency Response Framework by putting in place a Locality Response Team for Cotswold District Council who are trained and able to respond in the event of a significant local incident.</li> <li>To ensure Statutory Officers are trained and competent in their role as Gold (Strategic) Commander in the event of a significant local incident, and relevant officers are trained in Silver (tactical) and Bronze (operational response).</li> <li>To ensure the Safety Advisory Group considers any implications from Martyn's Law when considering planned events.</li> </ul>
5.	Portal Content Management	<ul style="list-style-type: none"> <li>To review the Publica Portal content to ensure it is up to date, and includes the latest versions of all policies and procedures</li> </ul>
6.	Business Continuity	<ul style="list-style-type: none"> <li>To further develop Business Continuity Processes to ensure they are robust and fit for purpose Revised strategic and tactical plans to be developed.</li> <li>To test the business critical Business Continuity Plans in 2023/24 New programme and plans to be approved.</li> </ul>
7.	New HR Policies	<ul style="list-style-type: none"> <li>Rollout a new and revised suite of HR policies in 23/24</li> <li>Ensure Managers are trained in the use of the new policies Planned audit of contract and procurement by SWAP will cover officer awareness of the contract procedure rules.</li> </ul>
8.	LGA Peer Review and Support	<ul style="list-style-type: none"> <li>Complete the action plan from the October 2022 LGA Peer Review</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

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9.	Review of service delivery model	<ul style="list-style-type: none"><li>Conduct a 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. This review will examine the priorities for service delivery options and transformation</li></ul>
10.	Internal Audit Recommendations	To address the recommendations made by Internal Audit and subsequently improve the Audit Opinion for 23/24.

### 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:**

**Joe Harris**  
Leader of the Council

**Robert Weaver**  
Chief Executive

**Date:**

**Date:**

(END)

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Audit of the Financial Statements

Opinion

[To be included in final version]

# INDEPENDENT AUDITOR'S REPORT

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[To be included in final version]

## 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 2018/19, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSSA) for Local Government Authorities that have opted into its national scheme. Grant Thornton UK LLP is the Council's appointed auditors for the period 2018/19 to 2022/23.

### 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 Statue (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.

**DLUHC (Department for Levelling Up, Housing and Communities)**

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



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