COTSWOLD
District Council

STATEMENT OF ACCOUNTS
2025/26 (UNAUDITED)

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Narrative Report

Cotswold District Council

Cotswold District Council sits at the heart of the Cotswolds National Landscape - 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 91,600, which given its size of 450 square miles and its largely rural character means that there is a low density of population which in turn affects the costs of providing services. The district also has an ageing population and has the highest proportion of people aged 65 and over in the County. People living in Cotswold District are more likely to experience a good quality of life than elsewhere in Britain. Many parts of the district are in the least deprived 20% in England, with no parts in the most deprived 20%.

Our Aims and Priorities

Local councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to serve for their term of office. The Council has 34 elected members representing 32 wards within the Cotswold District. There are also 87 Parish and Town Councils in the district and 28 parishes which do not have a Council, but a Parish meeting. Elections are held every four years, with an election taking place in May 2023 where the Liberal Democrats retained political control. The political make-up of the Council from May 2023 included twenty-two Liberal Democrats, ten Conservatives, one Green Party and one Independent Councillor. The term of office for elected members will run for an additional 11 months up to 31 March 2028 due to Local Government Reorganisation in Gloucestershire which will see the District Councils and County Council replaced a new unitary council(s) in April 2028.

The administration set out its aims, priorities and underlying principles that set the direction for the Corporate Plan for the Council and was updated in September 2025 and covers the period 2025 to 2028. The Plan sets out how the Council will achieve its aims and deliver on its priorities.

The Council's overall aim set out within the Corporate Plan is to build a lasting legacy for the Cotswolds recognising the challenges facing the district, and sets out the vision through to 2028, when the council is expected to be replaced - along with other Gloucestershire councils - by a new unitary council structure, under national plans for Local Government Reorganisation.. The Council's vision, as set out in the Plan, is to leave a lasting legacy of:

- Genuinely affordable, sustainable housing
- Resilient, connected communities
- A thriving local economy
- A protected and enhanced natural environment
- Good, transparent public services

The vision is built on principles of trust, confidence and transparency underpinned by a set of core values:

- put our communities first: their priorities are our priorities
- are one team: working for our residents and businesses
- are business focussed: ensuring efficiency, effectiveness and good value for money
- are set up for success: to deliver against our corporate priorities

The strategic priorities up to 2028 are:

- Preparing for the future
- Delivering good services
- Responding to the climate crisis
- Delivering housing
- Supporting communities
- Supporting the economy

The financial impact of these priorities was reflected in an update to the Medium-Term Financial Strategy during 2025/26

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

Items of note in relation to 2025/26 include:

<u>Preparing for the future</u>

The Council held a Town and Parish Council Summit to ensure local councillors understand changes that are coming. This included working closely with partner councils on a programme of public engagement, the results of which will form part of a singular evidence-base that will support the development of unitary authority proposals.

Councillors and officers have collaborated with counterparts at Gloucestershire councils to share information and design services, drawing on best practice within existing councils to ensure future unitary council delivery meets local needs.

<u>Delivering good services</u>

Delivered a programme to bring Council services back in house, maximising responsiveness and democratic accountability. Phase 1 completed in November 2024 and Phase 2 in July 2025.

Contract management of our waste service, leisure centres and Corinium Museum, along with our property and assets team, were brought back in-house in July 2025.

The Council is working through a full update to the Local Plan, at pace, which will address challenges brought about by the government doubling the district's housing target.

Responding to the climate crisis

The council's carbon emissions have reduced 41% against the 1990 baseline year, from 4.7million kg CO_2e in 1990 to 2.76million kg CO_2e in the year 2022 to 2023.

The council installed a further 26 electric vehicle charging points in its car parks in Tetbury, Cirencester, Stow-on-the-Wold and Moreton in Marsh. Of the 150 publicly accessible EV chargers across the district, the council has installed 49.

The council had almost doubled its climate score according to Climate Emergency UK, placing it in the top 15% of district councils nationwide and second in Gloucestershire for climate improvement.

The council is helping residents to install solar panels through the Cotswold Home Solar scheme.

Delivering housing

The Strategic Housing Manager is developing strategies and options for a more interventionist approach to housing delivery. This includes fostering collaborations with landowners, developers, and Registered Providers to enhance housing availability and effectiveness. Additionally, a pipeline of potential Rural Exception Sites is being developed.

Work is ongoing to support all refugees, whether through a resettlement scheme or dispersed asylum. In addition to ensuring that families and individuals are properly housed and continuous wraparound support is being provided to aid with resettlement and foster community cohesion.

Planning consent for the zero-carbon affordable housing development in Down Ampney was granted on 12th March 2025, but Bromford needs to address issue with the surface water drainage design and coordinate with Thames Water on infrastructure upgrades. These factors may delay the start of work to 2027

Supporting communities

Cotswold District Council is continuing to build its role as a leading voice for health and wellbeing, encouraging active lifestyles and inclusive community action. The Leisure Strategy, developed around local needs, directs investment in facilities and non-facility programmes, with oversight from the Active Cotswolds Programme Board across three themes: Healthier District, Connected Community, and Active Environment. The leisure contract continues to outperform key targets, including gym membership, participation rates, and Learn to Swim enrolments, with support from partners

Managed and delivered UK Shared Prosperity Fund programmes, supporting community-focused projects, local businesses and improvements that build pride in place and strengthen local communities.

The Cotswold Food Network is continuing to drive food sustainability through resources such as the Food Procurement Guide, Allotments Mini Guide, and Cookery Classes Guide. Outreach tools, including the Low-Income Family Tracker and the updated Worrying About Money leaflet, are helping to reach and support low-income households. Work is also progressing to explore a Venison Supply Project for local food charities.

Supporting the economy

Officers continue to work with businesses from key sectors, including agritech, cyber/digital, and sustainable aviation, to promote employment opportunities. Discussions with key stakeholders about promoting apprenticeship opportunities are ongoing, and a campaign is planned once the new government's intended changes to apprenticeships have been announced.

The final version of the refreshed Green Economic Growth Strategy was adopted by Cabinet in March 2025, helping to align economic growth with environmental sustainability and supporting the transition to a low-carbon economy.

14 projects have been allocated funding by the Rural England Prosperity Fund (REPF) grant scheme for village halls.

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.

A review of Publica Group (Support) Limited was commissioned by the four partner Councils to review the effectiveness of Publica and whether certain services would be better placed back with the Councils. A decision was made by each Council to bring back services into the Council, and this programme began in early 2024. This included services that were delivered delivered directly for individual councils such as Democratic Services, Election Services, Planning, Building Control and some support services such as financial management.

A second phase was agreed by all Councils, and this concluded with the transfer of staff back to the Council on 1st July 2025. The second phase was smaller and included services such as Property and Estates, Leisure and Cultre contract management, Waste contract management, Project management and HR Business Partners.

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

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

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 4-year MTFS, the latest being approved by Council on 23rd February 2026. Despite uncertainties around Local Government Funding Reforms, the continued pressure on households from the cost-of-living crisis, and the general economic position, the Council has prepared a sound budget whilst maintaining services to residents.

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

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

The capital programme includes planned expenditure of £10.489m in 2026/27 with the Council needing to consider the outcome of due diligence work on other potential schemes before any further capital expenditure is committed.

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

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

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

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

MTFS Summary	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Net Service Expenditure Budgets	17,202	17,202	17,202	17,202
Corporate Items/Non-service income	(886)	(652)	(253)	(253)
Transfer to/(from) earmarked reserves	894	111	158	158
Provision for Inflation	-	733	1,454	2,191
Service and Corporate Items	**17,210**	**17,394**	**18,561**	**19,298**
Budget Pressures	-	961	961	961
Savings and Transformation Items	-	(342)	(561)	(780)
Net Reveuve Budget	**17,210**	**18,013**	**18,961**	**19,479**
Total Funding	(17,210)	(16,524)	(16,481)	(12,360)
Budget Gap / (Surplus)	**(0)**	**1,489**	**2,480**	**7,119**

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

Retained Business Rates

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

Business rates are collected by the Council, and the proceeds are shared between Cotswold District Council, Gloucestershire County Council and the Government. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas.

The Council expects its share of retained business rates to be £1.433m in 2026/27. 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, is significantly lower than previous years. With the reset of the business rates retention system, for 2026/27 a safety net payment is triggered should the council's retained business rates income fall below the baseline funding level of £1.255m.

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

During 2025/26, the Council transferred £1.501m to earmarked reserves, comprising £0.730m of Section 31 grant and Business Rates surplus and £0.771m of Business Rates Pool surplus. These balances have been set aside to mitigate future Collection Fund deficits and strengthen the Council's financial resilience

The table below sets out the forecast for 2026/27.

Business Rates Forecast	2024/25
	£000s
Non-Domestic rating income (NNDR 1 estimate)	1,255
Add Renewable Energy Scheme	178
Estimated Retained Business Rates	1433
Business Rate Deficit	(911)
TOTAL Funding from Business Rates	522
Assumed BRR Included in MTFS	5,117

Gloucestershire Business Rates Pool

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

The MTFS assumes that any windfall gain associated with the Business Rates Pool will be allocated to the Financial Resilience reserve and/or Business Rate Risk Reserve for 2025/26.

Gloucestershire Section 151 Officers considered the prospects for pooling in November 2025 ahead of the budget. External support from LG Futures was provided to model the impact from pooling in 2026/27. This concluded pooling was not financially viable given the safety net protection offered to councils outside of pooling was more generous than within a pool. Therefore, as there is too much risk and negligible reward all councils in Gloucestershire decided to withdraw from pooling

Council Tax

MHCLG proposed a maximum Council Tax increase of 2.99% or £5 for 2026/27. The MTFS assumes increases of £5 per annum on a Band D property to 2029/30.

Financial Assumptions

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

- Provision has been included for future employee pay awards and workforce cost pressures across the MTFS period. Pay inflation of 3% (Publica) and 3% (Ubico plus a further 1% held by CDC as a contingency).
- Price inflation on major contracts (Publica and Ubico), utilities, and IT costs. Additional inflationary provision has been made in the budget and across the MTFS period recognising energy price rises.
- Fees and charges have been reviewed and increased where appropriate to reflect inflationary pressures and support the Council's income generation objectives. Savings from fees and charges are incorporated within the MTFS.

- Business rates funding assumptions reflect the revised Local Government Finance Settlement, Business Rates Baseline Funding Levels, transitional protection arrangements and local tax base forecasts. The Council continues to recognise the volatility associated with retained business rates income and valuation appeals.
- Government funding assumptions reflect the three-year Local Government Finance Settlement and the anticipated reduction in reliance on transitional funding over the medium term.
- Council Tax income assumes a £5 increase in Band D Council Tax for 2026/27, together with continued growth in the Council Tax base.
- Financial resilience assumptions include maintaining adequate reserves to manage inflation, business rates volatility, local government reorganisation and other financial risks, including the establishment of a £2 million Local Government Reorganisation Transition Reserve.

Savings

The level of savings set out in the MTFS does not meet the budget gap identified. The Financial Resilience Reserve is being used to balance the budget in the short-term.

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

To ensure the Council is able to set a balanced budget for the 2026/27 financial year, savings have been included where proposals are robust and can be delivered. The table below provides a summary of the savings included in the MTFS.

Savings	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Corporate Savings	-	(18)	(18)	(18)
Service Expenditure savings	-	(140)	(149)	(158)
Fees and Charges	-	(184)	(394)	(604)
Total Savings	-	(342)	(561)	(780)

During 2025/26, officers have identified several Transformation projects that could be delivered to support the wider Savings and Transformation programme

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 Programe	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Leisure & Communities	1,551	-	-	550
Housing / Planning & Strategic Housing	1,839	2,231	1,775	1,819
Environment	6,349	1,676	205	224
ICT, Change & Customer Services	350	150	150	150
Land, Legal & Property	400	-	-	-
Total	**10,489**	**4,057**	**2,130**	**2,743**

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

The Council has developed an Asset Management Strategy supported by Carter Jonas during 2024/25. This was presented to Cabinet in May 2024 and is being further developed to include detailed asset management plans and Minimum Efficiency Standards (MES) consideration for the Land Building assets it holds. The emerging strategy provides a longer-term view of the income and expenditure and profiles, tenant events, hold and disposal options. The strategy will help to ensure that the Council's capital assets are maintained, developed and continue to contribute effectively to the delivery of the Council services to support the local economy or provide income in line with expectations. Where there are opportunities to use assets more effectively to deliver Council Priorities, business cases will be presented to Council or Cabinet for approval.

The capital programme is planned to be fully financed from a combination of existing resources, external grants and contributions, capital receipts, and contributions from revenue (RCCO), no borrowing is anticipated avoiding associated interest and minimum revenue provision charges. The Capital Strategy prioritises the use of external grants and funding where possible to support Council Plan priorities.

Where included, capital receipts assumptions are based on a prudent level of expected capital receipts from asset sales, loan repayments and other sources

Capital Financing	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Government Grants & Contributions	2.6	1.7	1.8	1.8
Capital Receipts	3.8	1.0	0.4	0.9
Revenue Contribution to Capital Outlay	2.2	0.5	-	-
Earmarked Reserves	1.8	0.8	-	-
Total Resources	**10.4**	**4.0**	**2.2**	**2.7**

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

Financial Performance

At the 31 March 2026, the Council reported an underspend of £0.251m against budgeted surplus of £0.638m. This has resulted an additional £0.251m being transferred to the 'Capacity Reserve. This position is consistent with Council's strategy to utilise improved in-year financial performance to mitigate future financial pressures.

Overspends were reported in respect of the Ubico contract, postage and printing, street services and members allowances, whilst underspends were achieved in Trinity Road utilities, waste electrical electronic equipment, ICT & Housing Benefit
Income was underachieved within Cemeteries and Environmental Protection. Income was overachieved within development management, Licensing, Building Control, Bulky Waste, recycling, car park fees, penalty charges & permits and EVCP.

Further details of the outturn position and variances against budget for the 2025/26 financial year is reported in the Financial Performance Report reviewed by Cabinet on the 1st July 2025.

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Pensions Liability

The net pension liability as of 31 March 2026 was £10.735m (£13.121m as of 31 March 2025). Whilst a significant sum, this is the net value of what is estimated the Council owes across all future years offset against assets invested in the Local Government Pension Scheme.

Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation. The Asset Ceiling calculation resulted in a lower valuation with a net liability of £10.735m being included within the balance sheet at 31 March 2026

Prior to the Asset Ceiling adjustment the Council's share of pension fund assets had increased by £9.646m and the liability increased by £6.154m, resulting in the overall net liability reducing by £3.492m.

The Council's pension liability reduced during the year due to strong pension fund investment performance and favourable actuarial assumption changes, particularly an increase in the discount rate used to value future liabilities, which reduced the present value of pension obligations.

The most recent valuation was at 31 March 2025 and the next valuation will complete in 2028/29.

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

Capital Programme (Asset Management)

In 2025/26 the Council spent £2.604m against a revised budget of £3.379m on:

Capital Programme	£'000
Investment in Leisure Centre	28
Crowdfund Cotswold	10
CIL - Cycle path provision	180
Private Sector Housing Renewal Grant (DFG)	1,608
Waste & Recycling receptacles	128
Provision for financing of Ubico Vehicles	19
In cab technology (Street Cleaning)	24
On Street Residential Charge-point Scheme (ORCS)	118
Public Toilets - Card Payment	83
ICT Capital	144
UK Shared Prosperity Fund Projects	52
Rural England Prosperity Fund	195
S106 - REFCUS (NHS)	15

	2,604

Significant expenditure included private sector housing renewal grants (DFG) awarded totalling £1.811m.

Not all schemes planned for the year were undertaken including:

- Spa Pool, Bourton Leisure Centre – budget of £0.034m. £0.006m slippage to 2026/27 due to leakage issues
- Disabled Facility Housing Adaption budget of £1.775m, slippage to 2026/27 of £0.167m
- Bromford Joint Venture Partnership budget of £0.070m – slippage of wider Bromford programme. Budget carried forward to 2026/27
- Ubico vehicle replacement allocation of £0.292m was not spent during 2025/26 – vehicles are contracted and will arrive in quarter therefore budget has been carried forward to 2026/27
- In cab technology (Street Cleaning) budget £0.060m, project being rolled out to street cleaning services, £0.015m carried forward to 2026/27
- On Street Residential Charge-point Scheme (ORCS) budget of £0.183m. A safety issue is affecting installation therefore £0.065m is carried forward to 2026/27

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

Capital Receipts

The Council continued to generate resources to support its capital programme through the receipt of capital receipts during 2025/26. These included £0.901m from Ubico relating to waste and recycling vehicle lease arrangements, £0.325m from Right to Buy receipts, £0.235m from the repayment of a capital loan, and £0.584m from the disposal of surplus assets, including the Old Station, Memorial Cottages and the Bourton-on-the-Water Visitor Information Centre. All receipts were transferred to the Capital Receipts Reserve to support future capital investment.

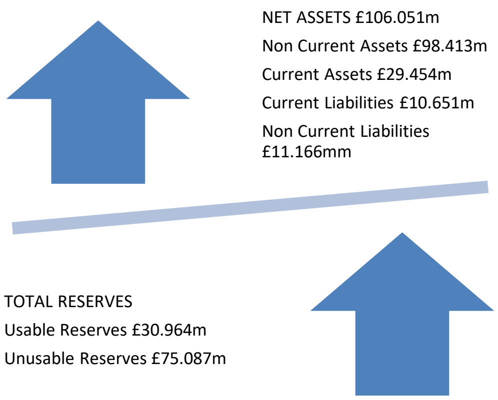
Reserves and Balances

At the year-end usable reserves stood at £30.964 million, an increase of £5.976 million during the year.

Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' remained at £1.760m. Earmarked Reserves increased by £3.341 Movements in 2025/26 include £0.736m arising from underspends linked to recruitment, vacancies and Publica review costs—into the Capacity Building Reserve. In addition, a further £0.251m will be transferred as a result of the overall underspend. These transfers will support capacity-building initiatives in preparation for Local Government Reorganisation (LGR). Surplus parking income of £0.165m to the Capital Financing Reserve' to fund replacement pay and display machines in 2026/27 and £0.710m of surplus planning income to the 'Planning Appeals Risk Reserve' to provide funding to mitigate future appeals expenditure.

The Business Rate Risk Reserve includes S31 grant provided by the government to compensate for lost business rate income due to discounts and reliefs awarded to businesses during the year, £0.809m was transferred from the Business Rate Risk reserve to fund the forecast deficit in year. £0.730m of unused grant and surplus NNDR income has been transferred to the Business Rate Risk Reserve to fund future Collection Fund deficits.

In addition, £2.0 million has been transferred from existing earmarked reserves to establish a Local Government Reorganisation (LGR) Transition Reserve. This reserve has been created to fund the Council's contribution towards the programme and implementation costs associated with local government reorganisation.



- £2.062m increase in Property Plant and Equipment
- £1.064m decrease in non-current debtors
- £4.9m increase in current investments
- £2.386m decrease in pension liability
- £3.341m increase in earmarked reserves
- £1.597m increase in capital receipts reserve
- £1.038m increase in capital grants/contributions unapplied.

Operational Performance and Efficiency

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

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

- 0.24% of Housing Benefit overpayment were due to LA error/admin delay (0.35% target).
- 99% Customer satisfaction for telephone (90% target)
- 100% of major planning applications were determined within agreed timescales (including extension of time agreements), (70% target)
- Planning income was above target
- 96% Building Control satisfaction (90% target)
- 100% of high-risk food premises notifications were risk assessed within target timescales (95% target)
- Gym memberships are above target at 4,712 (4,000 target).
- 91.7% of Freedom of Information requests responded to within 20 days (90% target)

Thirteen indicators fell short of their annual targets; five within Revenues and Benefits; three Planning indicators, one Development Management, two Waste and Environment indicators, one Sports and Recreation and one Customer Experience .

Revenues, Benefits and Housing
- 97.24% Non-domestic rates collected (99% target)
- 98.16% Council Tax collected (99% target)
- Took on average 20.9 days to process Council Tax Support new claims (20 days target).
- Took on average 7 days to process Council Tax Support change events (4 days target).
- Took on average 5 days to process Housing Benefit change events (4 days target).

Planning
- 40.2% Planning appeals allowed (30% target)
- Official land charge searches completed within 10 days 69.58% (90% target)
- 89.13% of minor and 93.57% of other planning applications determined within agreed timescales (both 90% targets)

Development Management
- 69 Affordable homes delivered (100 target).

Waste and Environment
- 54.3% of household waste recycled (60% target).
- 104.75kg of residual household waste per household (96g target).

Recreation and Sport
- 161,805 visits to Leisure Centres) (162,193 target)

Customer Experience
- 86.9% of Freedom of Information requests responded to within 20 days (90% target)

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

Risk Management

The Council has established a robust risk management framework to support the delivery of its Corporate Plan priorities and safeguard public resources. Risk management is embedded within the Council's governance, performance and financial management arrangements, enabling emerging risks and opportunities to be identified, assessed and managed effectively.

During 2025/26, the Council adopted an updated Risk and Opportunities Management Strategy and enhanced its Corporate Risk Register. Strategic risks are reviewed regularly by the Corporate Leadership Team and reported quarterly to Cabinet and the Audit and Governance Committee. Service and project risks are monitored through local risk registers, with significant risks escalated through the Council's management and governance arrangements as appropriate.

At 31 March 2026, the Council's principal strategic risks included the delivery of the Local Plan, health and safety compliance, business continuity and civil contingency preparedness, and cyber security. The Council continues to monitor and manage these risks to support the effective delivery of services and maintain organisational resilience.

Facing the Challenges Ahead

The Council has approved an ambitious Corporate Strategy for delivery to 2029 and has developed a Medium-Term Financial Strategy that sets out the financial envelope for the delivery of that plan.

Local Government Reorganisation (LGR) and Devolution Following the publishing of the English Devolution White Paper on the 16 December 2024, the Council has been working closely with all Gloucestershire Councils to achieve the best outcome for residents. In March 2025, the Council approved a basis for this work which included what the Council would like to see from these changes. A business case and options for LGR and devolution was submitted to the Government in November 2025. Cotswold District Council unanimously supported the single unitary proposal put forward. The outcome of this will determine the direction of the Council and is expected in the mid-2026. It is expected that Cotswold District Council will cease to exist and will form a larger unitary council with other Councils across Gloucestershire in April 2028. The Council continues to work with all other Gloucestershire Councils on LGR on workstreams to ensure that the Council is in the best position both before the Government decision is made and after the decision is made and it is known what Unitary Councils will be formed.

Risks remain around the continued impact on the Council from pressures within the wider economy including cost-of-living crisis and the general economic position. This will have an impact on income and expenditure budgets during 2026/27 and will require timely and accurate financial reporting to Cabinet. Risks include:

- Income from Council Tax and Business Rates will continue to be under pressure in 2026/27 with an expectation that the taxbase for Council Tax and Business Rates may take time to recover.
- Increased demand for certain services (e.g. Homelessness) may put additional pressures on the Council.
- Cost of services where the Council is exposed to risk sharing in contract costs.
- Energy cost pressure.

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

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

Reserves held to support the Council's financial sustainability are forecast to decrease from 2026/27 onwards due to their planned use within the Medium-Term Financial Strategy. The adequacy of reserves will continue to be monitored regularly and reported to Cabinet throughout 2026/27 to ensure the Council maintains an appropriate level of financial resilience

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

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

Further information

For further information on the accounts please contact: David Stanley, Deputy Chief Executive and S151 Officer, Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX; or via email at David.Stanley@cotswold.gov.uk.

David Stanley, CPFA
Chief Finance Officer and Deputy Chief Executive

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 2026. 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 2025/26, 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 2026.

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

The Supplementary Statements are:

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

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

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

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

The Chief Finance Officer's responsibility

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

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

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

The Chief Finance Officer has also:

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

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2026.

____ 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. Helene Mansilla
Chair of the Audit and Governance Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

2024/25 Gross Expenditure £	2024/25 Gross Income £	2024/25 Net Expenditure £		Note	2025/26 Gross Expenditure £	2025/26 Gross Income £	2025/26 Net Expenditure £
			Shared Services				
1,229,002	(563,247)	665,755	Environmental and Regulatory Services		1,247,286	(708,010)	539,276
1,876,844	(554,421)	1,322,423	Business Support Services		1,798,129	(473,309)	1,324,820
2,536,908	(181,577)	2,355,331	ICT, Change and Customer Services		2,492,578	(139,615)	2,352,963
1,284,834	(569,955)	714,879	Assets Property and Regeneration		1,344,685	(666,148)	678,537
138,238	0	138,238	Publia Executive and Modernisation		99,078	0	99,078
16,328,739	(15,618,071)	710,668	Revenues and Housing Support Services		14,822,420	(14,158,461)	663,959
			Strategic Directors				
2,103,134	(829,753)	1,273,381	Democratic Services		1,594,661	(305,921)	1,288,740
11,530,664	(6,849,127)	4,681,537	Environmental Services		12,130,735	(9,347,573)	2,783,162
4,375,134	(2,146,031)	2,229,103	Leisure and Communities Services		3,196,533	(1,051,341)	2,145,192
4,333,334	(3,252,550)	1,080,784	Planning and Strategic Housing Services		4,846,109	(3,699,921)	1,146,188
2,499,173	(1,411,034)	1,088,139	Retained and Corporate Council Services		3,811,518	(1,386,810)	2,424,708
48,236,004	**(31,975,766)**	**16,260,238**	**Cost of Services**		**47,383,732**	**(31,937,110)**	**15,446,622**
4,625,628	0	4,625,628	Other Operating Income and Expenditure	*B3*	5,227,428	(325,054)	4,902,374
1,603,877	(2,477,601)	(873,724)	Financing and Investment Income and Expenditure	*B4*	902,760	(2,866,973)	(1,964,213)
0	(23,165,169)	(23,165,169)	Taxation and Non-Specific Grant Income	*B5*		(22,914,131)	(22,914,131)
54,465,509	**(57,618,536)**	**(3,153,027)**	**(Surplus) / Deficit on Provision of Services**	*B1/B2*	**53,513,920**	**(58,043,268)**	**(4,529,348)**
		(1,911,661)	(Surplus) / deficit on revaluation of non current assets				(3,614,529)
		262,900	(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				50,000
		1,975,000	Remeasurement of the net defined benefit liability				(1,532,000)
		(53,142)	Other movements				(63,224)
		273,097	**Other Comprehensive Income and Expenditure**				**(5,159,753)**
		(2,879,930)	**Total Comprehensive Income and Expenditure**				**(9,689,101)**

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement

	Note	Usable Reserves General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
Balance at 31 March 2024		**(1,760,000)**	**(8,228,337)**	**(7,097,991)**	**(5,062,506)**	**(22,148,834)**	**(71,332,803)**	**(93,481,636)**
Movements in reserves 2024/25		2,146,084	(2,146,084)	0	0	0	0	**0**
Transfer from General Fund		778,064	(778,064)	0	0	0	0	**0**
Total Comprehensive income and expenditure		(3,153,027)	0	0	0	(3,153,027)	273,097	**(2,879,930)**
Adjustments between accounting basis & funding basis under regulations	*C1*	228,468	0	2,388,414	(2,302,155)	314,727	(314,727)	**0**
(Increase) / Decrease in Reserves 2024/25		**(411)**	**(2,924,148)**	**2,388,414**	**(2,302,155)**	**(2,838,301)**	**(41,630)**	**(2,879,930)**
Balance at 31 March 2025		**(1,760,411)**	**(11,152,485)**	**(4,709,576)**	**(7,364,662)**	**(24,987,134)**	**(71,374,432)**	**(96,361,567)**
Movements in reserves 2025/26		2,301,971	(2,301,971)	0	0	(0)	0	**(0)**
Transfer from General Fund		1,039,106	(1,039,106)	0	0	(0)	0	**(0)**
Total Comprehensive income and expenditure		(4,529,348)	0	0	0	(4,529,348)	(5,159,753)	**(9,689,101)**
Adjustments between accounting basis & funding basis under regulations	*C1*	1,188,271	0	(1,596,761)	(1,038,972)	(1,447,463)	1,447,463	**0**
(Increase) / Decrease in Reserves 2025/26		**(0)**	**(3,341,078)**	**(1,596,761)**	**(1,038,972)**	**(5,976,812)**	**(3,712,290)**	**(9,689,101)**
Balance at 31 March 2026		**(1,760,411)**	**(14,493,563)**	**(6,306,338)**	**(8,403,634)**	**(30,963,946)**	**(75,086,722)**	**(106,050,668)**
			C2					

BALANCE SHEET

Balance Sheet

31 March 2025 £		Note	31 March 2026 £
76,220,288	Property, Plant & Equipment	*D1*	78,281,992
17,000	Heritage Assets		17,000
4,205,000	Investment Property	*D2*	4,677,000
9,320	Intangible Assets	*D3*	46,601
10,264,350	Non-Current Investments	*E2*	10,500,191
5,954,607	Non-Current Debtors	*D4*	4,890,846
96,670,564	**Non-Current Assets**		**98,413,630**
3,881,878	Investments	*E2*	8,793,116
584,650	Assets Held for Sale	*D9*	0
19,175	Inventories		19,237
10,890,881	Debtors	*D5*	10,818,447
8,918,700	Cash and Cash Equivalents	*E2*	9,823,069
24,295,284	**Current Assets**		**29,453,869**
(102,006)	Borrowing	*E2*	(106,544)
(7,373,824)	Creditors	*D6*	(7,265,313)
(2,265,386)	Creditors - s.106 balances	*D6*	(2,535,321)
(190,562)	Capital Grants Receipts in Advance	*B8*	(121,765)
(1,082,351)	Provisions	*D7*	(621,635)
(11,014,129)	**Current Liabilities**		**(10,650,578)**
(13,121,000)	Pension Liability	*E1*	(10,735,000)
(216,590)	Non-Current Creditors		(281,192)
(94,976)	Capital Grants Receipts in Advance	*B8*	(95,023)
(157,587)	Borrowing	*E2*	(55,037)
(13,590,153)	**Non-Current Liabilities**		**(11,166,253)**
96,361,566	**Net Assets**		**106,050,668**
(24,987,134)	Usable Reserves	*C2*	(30,963,946)
(71,374,432)	Unusable Reserves	*C3*	(75,086,722)
(96,361,566)	**Total Reserves**		**(106,050,668)**

The unaudited accounts were issued on the 30 June 2026.

David Stanley
Chief Finance Officer

Cash Flow Statement

	Note	2024/25 £	2025/26 £
Net surplus or (deficit) on provision of services		3,153,027	4,529,348
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	*F1*	(849,812)	1,080,224
Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	*F2*	(6,857,694)	(3,515,487)
Net cash flows from Operating Activities		**(4,554,479)**	**2,094,085**
Investing Activities	*F3*	887,860	(1,082,349)
Financing Activities	*F4*	(97,662)	(107,017)
Net increase or (decrease) in cash and cash equivalents		**(3,764,281)**	**904,719**
Cash and cash equivalents at 1 April		12,682,980	8,918,700
Cash and cash equivalents at 31 March		**8,918,699**	**9,823,419**
Comprising:			
Cash and bank current accounts		672,147	647,459
Money Market Funds		8,192,605	9,028,786
Short Term Deposits (Call Accounts)		53,948	147,174
		8,918,700	**9,823,419**

Notes to the Comprehensive Income and Expenditure Statement

B1. Expenditure and Funding Analysis

	2025/26					
	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 £
Shared Services						
Environmental and Regulatory Services	539,276	33,485	0	572,761	9,397	582,158
Business Support Services	1,324,820	62,192	0	1,387,012	14,720	1,401,732
ICT, Change and Customer Services	2,352,963	54,067	0	2,407,030	6,665	2,413,695
Assets Property and Regeneration	678,537	(92,515)	0	586,022	130,343	716,365
Publica Executive and Modernisation	99,078	4,254	0	103,332	1,545	104,877
Revenues and Housing Support Services	663,959	16,008	0	679,967	40,333	720,300
Strategic Directors						
Democratic Services	1,288,740	34,370	0	1,323,110	1,342	1,324,452
Environmental Services	2,783,162	(703,340)	0	2,079,822	2,636,638	4,716,460
Leisure and Communities Services	2,145,192	(906,130)	0	1,239,062	28,326	1,267,388
Planning and Strategic Housing Services	1,146,188	(84,325)	0	1,061,863	1,756	1,063,619
Retained and Corporate Council Services	2,424,708	996,994	0	3,421,702	391,844	3,813,546
Cost of Services	**15,446,622**	**(584,940)**	**0**	**14,861,682**	**3,262,909**	**18,124,591**
Other Income and Expenditure	(19,975,970)	1,773,211	2,451,975	(15,750,784)	(3,262,909)	(19,013,693)
(Surplus) / Deficit on Provision of Services	**(4,529,348)**	**1,188,271**	**2,451,975**	**(889,102)**	**0**	**(889,102)**
Surplus reported to Management						**(889,102)**
Opening General Fund Balance (Unallocated) at 1 April				(1,760,411)		
(Surplus) / Deficit for the year				(889,102)		
Transfer of budgeted surplus to Financial Resilience Reserve				638,000		
Transfer of unbudgeted surplus to Capacity Reserve				**251,097**		
Closing **General Fund Balance (Unallocated) at 31 March**				(1,760,416)		

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

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:

	2025/26						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation & Amortisation £	Other Segment Adjs. £	Total Management Reporting Adjustments £
Shared Service							
Environmental and Regulatory Services	16,731	(50,469)	253	(33,485)	9,397		9,397
Business Support Services	9,246	(72,201)	763	(62,192)	12,350	2,370	14,720
ICT, Change and Customer Services	24,701	(78,768)	0	(54,067)	6,665		6,665
Assets, Property and Regeneration	124,637	(35,760)	3,638	92,515	130,343		130,343
Publica Executive and Modernisation	868	(5,122)	0	(4,254)	1,545		1,545
Revenues and Housing Support Services	41,066	(57,074)	0	(16,008)	77,321	(36,988)	40,333
Strategic Directors							
Democratic Services	4,010	(39,047)	667	(34,370)	1,342		1,342
Environmental Services	739,663	(38,137)	1,814	703,340	954,024	1,682,614	2,636,638
Leisure and Communities Services	963,956	(58,434)	608	906,130	28,326		28,326
Planning and Strategic Housing Services	208,463	(125,799)	1,661	84,325	1,756		1,756
Retained and Corporate Council Services	4,591	(1,008,773)	7,188	(996,994)	725,162	(333,318)	391,844
Cost of Services	**2,137,932**	**(1,569,584)**	**16,592**	**584,940**	**1,948,231**	**1,314,678**	**3,262,909**
Other Income and Expenditure	(1,982,495)	715,000	(505,716)	(1,773,211)	(1,948,231)	(1,314,678)	(3,262,909)
(Surplus) / Deficit on Provision of Services	155,437	(854,584)	(489,124)	(1,188,271)	0	0	0

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

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

	2024/25 £	2025/26 £
Expenditure		
Employee benefits expenses	4,286,599	7,089,750
Publica Contract Charge	9,184,054	6,751,980
Housing Benefit & other transfer payments	12,520,154	11,294,746
Other service expenses	16,707,739	18,437,464
Depreciation, amortisation and impairment	1,803,640	1,948,231
Interest payments and similar expense	417,843	771,072
Precepts and Levies	4,625,628	5,158,845
Other expenditure	4,919,758	2,061,830
Total Expenditure	**54,465,415**	**53,513,918**
Income		
Fees, charges & other service income	(12,392,614)	(12,893,529)
Housing Benefit Subsidy	(12,122,735)	(11,187,366)
Other Government Grants	(14,065,003)	(12,344,333)
Income from Council Tax	(11,318,060)	(12,336,345)
Income from Non Domestic Rates	1,158,775	(239,832)
Non Government Grants & Contributions	(6,118,901)	(5,809,147)
Investment interest and similar income	(1,704,465)	(2,425,648)
Other income	(1,055,439)	(807,068)
Total Income	**(57,618,442)**	**(58,043,267)**
(Surplus) / Deficit on Provision of Services	**(3,153,027)**	**(4,529,349)**

B3. Other Operating Income & Expenditure

	2024/25 £	2025/26 £
Loss on disposal of non current assets	0	68,538
Unattached capital receipts	0	(325,054)
Town and Parish Council precepts	4,625,628	5,158,845
	4,625,628	**4,902,329**

B4. Financing and Investment Income and Expenditure

	2024/25 £	2025/26 £
Interest payable and similar charges	8,100	8,708
Interest receivable and similar income	(1,686,188)	(1,604,389)
Changes in fair value of financial assets	(187,649)	(336,290)
Movement in impairment allowance for doubtful debts	67,167	(25,836)
Movement in the fair value of investment property	670,000	(472,000)
Net investment property (income) / expenditure	(259,187)	(162,105)
Net income from other properties (income)/expenditure	(29,967)	(87,301)
Net interest on the net defined benefit pension liability	544,000	715,000
	(873,724)	**(1,964,213)**

B5. Taxation and Non-Specific Grant Income

	2024/25 £	2025/26 £
National Non Domestic Rates		
- Redistribution	(163,034)	(1,310,017)
-Renewable Energy	(267,468)	(165,475)
-Business Rate Levy	1,494,500	1,721,936
Surplus from the Pool	(479,614)	(864,946)
- (Surplus) / Deficit	519,066	378,643
	1,103,450	**(239,859)**
Council Tax income	(11,318,060)	(12,336,345)
Non-ringfenced government grants	(12,950,559)	(10,345,060)
	(23,165,169)	**(22,921,264)**

B6. Members' Allowances

	2024/25 £	2025/26 £
Allowances	329,615	374,703
Expenses	3,964	5,475
	333,579	**380,178**

The disclosure above includes all allowances paid to Members, Independents and Independent Panel/Committee members. £6,327 in Allowances was paid to non elected members and independent persons (£6,644 in 2024/25)

B7. External Audit Costs

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

Additional audit fees in respect of the 2023/24, 2024/25 and 2025/26 certification of the housing benefit subsidy return payable to KPMG LLP are also disclosed below.

	2024/25 £	2025/26 £
Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year:		
Scale Fee	151,327	155,563
Increases to Scale Fee 2024/25		12,458
Increases to Scale Fee 2023/24	14,495	0
Fees payable to external auditor for the certification of grants claims and returns for the year	34,000	33,578
Additional fees payable relation to 2023/34 and 24/25 certification of grants		11,056
	199,822	**212,655**

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.

B8. Grant Income

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

	2024/25 £	2025/26 £
Revenue grants credited to Cost of Services		
Housing Benefit Subsidy	(11,674,954)	(10,676,681)
Extended Producer Responsibility	0	(1,682,614)
Housing Benefit and Council Tax Administration Subsidy	(156,052)	(155,544)
Discretionary Housing Benefit	(71,242)	(71,475)
Other Housing Benefit	(37,871)	(31,213)
Homeless Prevention	(308,606)	(416,325)
Rough Sleeping	(4,385)	0
NNDR Cost of Collection Allowance	(196,273)	(195,808)
Local Plans Fund	(227,963)	(44,568)
Local Plans Fund		(36,585)
UK shared Prosperity Fund	(437,017)	(287,058)
Biodiversity Net Gain	(26,807)	(27,142)
Elections - re applicatoin postal votes		(18,262)
General Election	(541,298)	(42,398)
PCC Elections	(216,408)	(4,197)
Domestic Abuse New Burdens	(36,328)	(36,818)
Business Rates New Burdens	(10,207)	0
Planning Skills Delivery	(99,600)	0
Strengthening Local Communities	(67,528)	(131,521)
Homes England (Moreton Feasibility)	0	(50,000)
Strategic Economic Development Fund	0	(41,350)
Redmond Audit Grant	(19,206)	(19,109)
Electoral Integrity New Burdens	(18,970)	0
Flytipping Grant	(38,329)	0
Renters' Rights New Burden	0	(26,624)
Digital Planning Improvement Grant	(50,000)	(23,500)
Local Land Charges Programme - Transition Grant	0	(14,913)
Neighbourhood Planning Grant	(20,000)	0
Local Net Zero Fund	(5,875)	(20,735)
Active Gloucestershire	0	(12,500)
Storm Henk	(2,500)	(60)
LG Cyber- Get Cyber Assessment Framework Ready	(15,000)	0
Other	0	(7,480)
	(14,282,418)	**(14,067,000)**

Grants credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(143,568)	(163,830)
New Homes Bonus	(287,485)	(819,987)
Section 31 NNDR Compensation	(6,873,925)	(5,747,481)
Rural Services Delivery Grant	(818,120)	0
Services Grant	(13,114)	0
Funding Guarantee/Funding Floor Grant	(2,230,732)	(2,230,486)
Employer's NI Contribution Scheme	0	(132,880)
Other revenue grants	(8,103)	0
CIL income (Capital infrastructure)	(2,306,541)	(1,225,729)
Swimming Pool Fund (Capital)	(160,970)	0
UK Shared Prosperity Fund (Capital)	(83,606)	0
ORCS EVCP Grant (Capital)	0	(24,667)
Other capital grants	(24,395)	0
	(12,950,559)	**(10,345,060)**

Capital grants credited to Cost of Services in the Comprehensive Income and Expenditure Statement	2024/25 £	2025/26 £
Better Care Fund (Disabled Facilities Grants)	(1,811,091)	(1,608,216)
S.106 Receipts	(290,250)	(15,288)
Changing Places	(52,500)	0
UK Shared Prosperity Fund	(226,393)	(52,445)
Rural England Prosperity Fund	(752,307)	(195,580)
Other	0	(6,456)
	(3,132,541)	**(1,877,985)**

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:

	2024/25 £	2025/26 £
Better Care Fund (Disabled Facilities Grants)	(94,976)	(95,023)
	(94,976)	**(95,023)**

B8.b Current - Capital Grants Receipts in Advance

	2024/25 £	2025/26 £
Rural England Prosperity Grant	0	(33,660)
UK SPF Capital grant	0	(7,862)
EVCP ORCS Grant	(143,700)	(65,333)
Public Sector Decarbonisation Scheme	(14,457)	(14,458)
Better Care Fund (Disabled Facilities Grants)	(31,951)	0
Other	(452)	(452)
	(190,560)	**(121,765)**

B9. Officer Remuneration

Senior Officer Remuneration

The Council's senior employees are the Corporate Leadership Team:

Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
			2025/26		
Chief Executive to 30 June 2025[1]	61,775	7,557	28,776	0	98,108
Chief Executive from 1 July 2025[2]	103,340	21,203	0	0	124,543
Deputy Chief Executive and Chief Finance Officer [3]	105,230	20,838	0	0	126,068
Director of Governance and Development (Monitoring Officer)[4]	96,918	20,062	0	0	116,980
Director of Communities and Place[5]	102,434	21,204	0	0	123,638
	469,697	**90,864**	**28,776**	**0**	**465,699**

Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
			2024/25		
Chief Executive[1]	112,979	25,013	0	0	137,993
Deputy Chief Executive and Chief Finance Officer [2]	93,913	19,440	0	0	113,353
Deputy Chief Executive and Chief Finance Officer [3]					
Director of Governance and Development (Monitoring Officer)[4]	93,913	19,440	0	0	113,353
	300,805	**63,893**	**0**	**0**	**364,698**

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

[1] Remuneration excludes Returning Officer payment of £8,584.3 and £1,600.76 of pension contributions (£7,867.65 and £1,186.49 pension contributions, 2024/25).
[2] Remuneration excludes Returning Officer and Electoral Services Officer payments of £390.75 and £72.04 of pension contributions (£391.07, 2024/25)
[3] Remuneration excludes election duties payment of £523.72 (£518.3, 2024/25)
[4] No election duties payments in 2025/26 (£523.72, 2024/25)
[5] Remuneration excludes election duties payment of £60.09.

Other Officer Remuneration

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

	2024/25	2025/26
	No. of Officers including Severance or Other Related Payments'	
£50,000 to £54,999	3	7
£55,000 to £59,999	1	3
£60,000 to £64,999	0	4
£65,000 to £69,999	1	3
£70,000 to £74,999	0	2
£75,000 to £79,999	0	2
£80,000 to £84,999	0	0
£85,000 to £89,999	0	0
£90,000 to £94,999	2	0
£95,000 to £99,999	0	1
£100,000 to £104,999	0	2
£105,000 to £109,999	0	1
£110,000 to £114,999	1	0
Total	**8**	**25**

B10. Termination Benefits

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 £	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	0	1	0	0	0	1	0	1,345
£20,001 - £40,000	0	0	0	1	0	1	0	28,776
£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	0	0	0	0	0
Total	**0**	**1**	**0**	**1**	**0**	**2**	**0**	**30,121**

The table above outlines termination benefits paid directly by Cotswold District Council. As an equal shareholder of Publica Group (Support) Limited, the Council contributed £166,201 towards redundancy, payment in lieu of notice (PILON) and pension strain costs (1/3 of the total costs). These costs related to seven termination packages awarded by Publica during the same period, as part of 'Phase Two' of the Publica Review. The amounts were charged and accrued in the Comprehensive Income and Expenditure Statement.

Exit Packages

The costs outlined above of £30,121 and £166,201 (£196,322 in total) 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.

Notes to the Movement in Reserves Statement

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2025/26			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,948,231)			
Revaluation losses on Property, Plant and Equipment	0			
Movements in the fair value of Investment Properties	472,000			
Capital Grants and Contributions applied	1,896,196			
Revenue Expenditure funded from Capital Under Statute	(2,061,830)			
Non current assets written off on disposal or sale	(694,899)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	639,958		(597,275)	
Transfer of capital grants and contributions to capital grants unapplied	1,225,729			(1,225,729)
Administrative costs of non-current asset disposals	(13,642)		13,642	
Unattached Capital Receipts	325,054		(325,054)	
Statutory Provision for the repayment of Debt	3,628			
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			453484	
Transfer from Deferred Capital Receipts on receipt of cash			(1,141,558)	
Write down of long term debtor on receipt of loan principal				
Transfer from Capital Grants Unapplied				186,757
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	336,290			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	854000			
Other Adjustments				
Accumulated Absences	(16,592)			
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	170,609			
	1,188,271	**0**	**(1,596,761)**	**(1,038,972)**

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

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 2025 £	Transfers between £	Transfers Out £	Transfers in £	31 March 2026 £
Financial Resilience Reserve	(2,942,568)	1,846,477	167,724	(1,409,040)	**(2,337,407)**
Council Priority: Transformation and Change	(579,869)	247,897	32,512	0	**(299,460)**
Council Priority: Publica Review	(108,300)	0	108,300	0	**0**
Council Priority: Climate Emergency	(232,500)	120,213	12,287	0	**(100,000)**
Climate Priority: Housing Delivery	(500,000)	351	0	0	**(499,649)**
Council Priority: Local Plan	(1,004,826)	(130,479)	142,775	0	**(992,530)**
Council Priority: Regeneration and Infrastructure	(200,000)	130,479	69,521	0	**(0)**
Council Priority: Capacity Building	0	(340,040)	89,507	(871,829)	**(1,122,362)**
Council Priority: LGR Transformation	0	(2,000,000)	0	0	**(2,000,000)**
Council Priority: Capital Financing				(165,000)	**(165,000)**
Other Commitments from Council Priorities Fund	(82,393)	79,893	2,500	0	**(0)**
Business Rate Risk	(2,078,916)	0	313,211	(730,044)	**(2,495,749)**
Business Rates S31 Grant	(495,789)	0	495,789	0	**0**
Election Fund	(45,940)		15,493	(75,000)	**(105,447)**
New Burdens Grant	(560)	560	0	0	**0**
Treasury Management Risk	(375,000)	0	0	(300,000)	**(675,000)**
Asset Management and Property	(382,000)	0	0	0	**(382,000)**
Homeless	(189,733)	0	0	(72,000)	**(261,733)**
Planning	(528,858)	0	271,212	(710,000)	**(967,646)**
Proptech Consultation Software	(67,946)	0	0	0	**(67,946)**
CIL Admin	(257,507)	0	0	(60,722)	**(318,229)**
Sc111 - Habitat Regulation Assessment	(166,946)	0	14,868	(45,382)	**(197,460)**
Covid/COMF	(182,368)	0	0	0	**(182,368)**
Extended Producer Responsibility	0	0	0	(481,014)	**(481,014)**
Second Homes Premium		(351)	130,000	(129,649)	**0**
Other earmarked reserves	(730,468)	45,000	140,006	(297,101)	**(842,563)**
	(11,152,487)	**0**	**2,005,705**	**(5,346,781)**	**(14,493,563)**

C3. Unusable Reserves

Summary of Unusable Reserves

	31 March 2025 £	31 March 2026 £
Revaluation Reserve	(49,423,486)	(51,772,819)
Capital Adjustment Account	(33,191,454)	(32,763,751)
Pension Reserve	13,121,000	10,735,000
Deferred Capital Receipts Reserve	(3,900,866)	(2,865,526)
Collection Fund Adjustment Account	880,754	710,145
Pooled Investment Fund Adjustment Account	767,246	430,955
Financial Instruments Revaluation Reserve	310,000	360,000
Accumulated Absences Reserve	62,375	78,967
	(71,374,431)	**(75,087,029)**

Revaluation Reserve

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

The balance is reduced when assets with accumulated gains are:

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

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

	2024/25 £	**2025/26 £**
Opening Balance - 1 April	(48,339,619)	(49,423,486)
Upward revaluation of assets	(5,713,264)	(3,614,529)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	3,801,602	0
(Surplus) / Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services	(1,911,661)	(3,614,529)
Difference between fair value and historic cost depreciation	827,794	789,647
Accumulated gains on assets sold	0	475,549
Amount written off to the Capital Adjustment Account	*827,794*	*1,265,196*
Closing Balance - 31 March	**(49,423,486)**	**(51,772,819)**

Capital Adjustment Account

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

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

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

	2024/25 £	**2025/26** £
Opening Balance - 1 April	(32,663,229)	(33,191,454)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non current assets	1,797,100	1,948,231
Revaluation losses on Property, Plant and Equipment	130,504	0
Revenue expenditure funded from capital under statute	3,142,541	2,061,830
Amounts of non-current assets written off on disposal or sale	1,149,641	219,350
	6,219,786	4,229,411
Adjusting amounts written out of the Revaluation Reserve		
Historical cost depreciation adjustment	(827,794)	(789,647)
	(827,794)	(789,647)
Adjustments between Capital & Revenue Resources		
Receipt of loan principal	241,225	0
Net written out amount of the cost of non current assets consumed in year	**5,633,217**	**3,439,764**
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(3,421,083)	(453,484)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,401,512)	(1,896,196)
Capital grants and contributions applied to capital financing from Capital Grants and Contributions Unapplied Account	(4,386)	(186,757)
Use of General Fund Earmarked Reserves applied to capital financing	0	0
Capital expenditure charged against the General Fund Balance	0	0
	0	
Minimum Revenue Provision	(4,461)	(3,628)
	(6,831,442)	(2,540,065)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	670,000	(472,000)
Closing Balance - 31 March	**(33,191,454)**	**(32,763,755)**

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.

	2024/25	2025/26
	£	£
Opening Balance - 1 April	12,023,000	13,121,000
Return on plan assets	451,000	(4,309,000)
Remeasurement of the net defined benefit liability	(15,545,000)	3,490,000
Asset Ceiling adjustment	17,069,000	(713,000)
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	1,742,000	2,169,000
Employers' pension contributions	(2,619,000)	(3,023,000)
Closing Balance - 31 March	**13,121,000**	**10,735,000**

Deferred Capital Receipts Reserve

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

	31 March 2025	31 March 2026
	£	£
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(62,188)	(58,624)
Principal amounts on finance leases	(3,478,931)	(2,621,564)
Other deferred receipts	(328,248)	(153,838)
	(3,900,867)	**(2,865,526)**

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 2025 £	Transfers In £	Transfers Out £	31 March 2026 £
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	(163,535)		7,393	**-156,142**
NNDR	1,194,333	(430,493)		**763,840**
NNDR - Renewal Energy Scheme	(150,044)		252,491	**102,447**
	880,754	**(430,493)**	**259,884**	**710,145**

Pooled Investment Fund Adjustment Account

	2024/25 £	2025/26 £
Opening Balance - 1 April	954,895	767,246
Changes in fair value of Pooled Investment Funds	(187,649)	(336,290)
Closing Balance - 31 March	**767,246**	**430,955**

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

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.

	2024/25 £	2025/26 £
Opening Balance - 1 April	47,100	310,000
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	262,900	50,000
Closing Balance - 31 March	**310,000**	**360,000**

Accumulated Absences Reserve

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

	2024/25 £	2025/26 £
Opening Balance - 1 April	0	62,375
Movement in year	62,375	16,592
Closing Balance - 31 March	**62,375**	**78,967**

Notes to the Balance Sheet

D1. Property, Plant and Equipment

Movements in 2025/26	**Land & Buildings £**	**Vehicles, Plant & Equipment £**	**Community Assets £**	**Surplus Assets £**	**Assets Under Con-struction £**	**TOTAL P,P&E £**
-						
Asset Cost or Valuation						
-						
Asset values at 1 April 2025	72,063,096	3,373,758	201	2,053,808	0	**77,490,863**
Additions	0	500,393	0	0	0	500,393
Revaluation increases / (decreases)	2,770,307	0	0	144,099	0	2,914,406
Derecognition - disposals	(78,062)	(166,565)	0	0	0	(244,627)
Transfers and reclassifications		0	0	0	0	0
Asset values at 31 March 2026	**74,755,341**	**3,707,586**	**201**	**2,197,907**	**0**	**80,661,035**
-						
Depreciation						
-						
Accumulated depreciation at 1 April 2025	(231,317)	(1,039,255)	0	0	0	**(1,270,572)**
Depreciation charge for the year	(1,477,246)	(465,724)		0	0	(1,942,970)
Depreciation written out on revaluation	700,123	0	0	0	0	700,123
Derecognition - disposals	10,497	123,882	0	0	0	134,379
Accumulated depreciation at 31 March 2026	**(997,943)**	**(1,381,097)**	**0**	**0**	**0**	**(2,379,040)**
-						
Net Book Value of Assets						
1 April 2025	71,831,779	2,334,503	201	2,053,808	0	76,220,291
31 March 2026	**73,757,398**	**2,326,489**	**201**	**2,197,907**	**0**	**78,281,995**

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

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 2025/26 revaluations and impairment review were undertaken by the Council's internal Valuer, Harry Penman (MRICS). Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

In accordance with the Council's Property, Plant and Equipment accounting policy, assets carried at current value are revalued on a rolling programme, with annual indexation applied in intervening years to ensure that carrying values are not materially misstated. The use of indices represents an accepted estimation technique under the CIPFA Code, enabling the Council to reflect general market movements in asset values in a proportionate and cost-effective manner between full valuations. In line with the Code, indexation is based on appropriate, observable and independently produced market data. For non-residential operational assets, indices are derived from CBRE monthly UK property indices for the office, retail and industrial sectors.

These professionally recognised indices, based on a large sample of regularly valued commercial properties, provide evidence of general market movements. A composite commercial index has been applied to non-specialised assets where no asset-specific index is available. For assets valued using depreciated replacement cost, including leisure facilities and car parks, the BCIS General Building Cost Index has been applied as the most appropriate measure of cost movement.

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

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

Consistent with the Council's wider approach to materiality and estimation (as set out in the policies for prior period adjustments and asset valuation), indexation movements are only recognised where the impact Is deemed to be material. This ensures compliance with materiality principles under IAS 8, avoiding unnecessary adjustments for insignificant valuation fluctuations. It supports a proportionate and efficient valuation approach, consistent with the policy allowance to use indexation and estimation techniques where full revaluation each year would involve undue cost or effort. Accordingly, the combined use of indices and a materiality threshold ensures that the carrying value of property assets remains materially accurate and compliant with the Code, while avoiding disproportionate cost and complexity.

The Code requires that assets are formally revalued at least every 5-years. The Council does this on a rolling programme to ensure all assets remain materially correct. 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	2,326,489	201	0	**2,326,690**
Valued at Current Value as at 31st March:					
2023/24	3,234,485	0	0	0	**3,234,485**
2024/25	28,910,586	0	0	0	**28,910,586**
2025/26	41,612,319	0	0	2,197,906	**43,810,225**
	73,757,390	**2,326,489**	**201**	**2,197,906**	**78,281,986**

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.

	2024/25 £	**2025/26 £**
Rental income	(406,980)	(285,148)
Direct operating expenses	147,793	123,043
Net losses/(gains) from fair value adjustments	670,000	(472,000)
	410,813	**(634,105)**

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 2025/26 valuations were undertaken by the Council's internal Valuer. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, as outlined in Note D1 above.

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

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

	2024/25 £	2025/26 £
Opening Balance - 1 April	4,875,000	4,205,000
Additions	0	0
Transfers and reclassifications	0	0
Net (losses)/gains from fair value adjustments	(670,000)	472,000
Closing Balance - 31 March	**4,205,000**	**4,677,000**

D3. Intangible Assets

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

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

Movements in Intangible Assets

	2024/25 £	2025/26 £
-		
Asset Cost or Valuation		
Asset values at 1 April	64,020	64,020
Additions	0	42,543
Derecognition	0	(9,534)
Asset values at 31 March	**64,020**	**97,029**
-		
Amortisation		
Accumulated Amortisation at 1 April	(49,439)	(54,701)
Amortisation charge for the year	(5,262)	(5,262)
Derecognition	0	9,534

Accumulated Amortisation at 31 March	**(54,701)**	**(50,429)**
-		
-		
Net carrying amount at 31 March	**9,319**	**46,600**

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.

D4. Non-Current Debtors

	31 March 2025 £	31 March 2026 £
Cottsway Housing Association Loan	1,929,625	1,992,847
Finance Leases - principal outstanding	2,578,865	1,738,011
Community Infrastructure Levy (CIL)	1,078,345	1,005,928
Charities	62,188	58,624
Housing Improvement Loans	43,936	43,936
Council Mortgages & Housing Act Advances	31,500	31,500
Starter Home Initiative/Decent Homes Standard Loans	20,000	20,000
Loan to 'Friends of the Cotswolds'	210,148	0
	5,954,607	**4,890,846**

D5. Debtors

	31 March 2025 £	31 March 2026 £
Government Departments	2,242,071	2,596,983
Other Local Authorities (Statutory)	1,124,910	848,036
Other Local Authorities (Trading)	571,443	930,592
Collection Fund Debtors (CDC Share)	1,790,347	2,133,682
Housing Benefit Recovery	854,258	827,953
Finance Leases - Principal Outstanding	902,898	883,540
Community Infrastructure Levy	2,122,930	1,966,232
Sundry Debtors	963,275	1,027,243
Other Debtors	786,481	617,171
Prepayments	1,102,850	436,226
	12,461,463	12,267,658
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(477,032)	(597,665)
Housing Benefit Recovery	(762,303)	(727,685)
Sundry Debtors	(331,247)	(123,861)
	10,890,881	**10,818,447**

D6. Creditors

	31 March 2025 £	31 March 2026 £
Government Departments	(577,543)	(1,290,774)
Other Local Authorities (Statutory)	(1,558,916)	(857,843)
Other Local Authorities (Trading)	(255,895)	(215,091)
Collection Fund Creditors (CDC Share)	(55,580)	0
Sundry Creditors	(1,974,424)	(1,871,805)
Other Creditors	(678,235)	(695,703)
Receipts in advance:		
- Council Tax / NNDR payers	(597,723)	(804,439)
- Government Departments	(47,382)	(21,036)
- Sundry Creditors	(1,628,126)	(1,508,622)
	(7,373,824)	(7,265,313)
Section 106 Balances	(2,265,386)	(2,535,321)
	(9,639,210)	**(9,800,634)**

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	(1,082,351)	0	460,715	0	**(621,636)**
	(1,082,351)	**0**	**460,715**	**0**	**(621,636)**

<u>Business Rates (NNDR) appeals</u>

This provision relates to outstanding appeals against rateable values submitted to the Valuation Office Agency (VOA). While the level of risk associated with appeals against the 2017 rating list has reduced as cases have been substantially progressed, some residual risk remains due to the ongoing resolution of outstanding checks and challenges under the “Check, Challenge, and Appeal” (CCA) process. There is also continued uncertainty associated with potential appeals against the 2023 rating list, the financial impact and timing of which remain uncertain.

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.

	2024/25 £	2025/26 £
Opening Capital Financing Requirement	**70,969**	**359,937**
Capital investment in the year		
Property, Plant & Equipment	3,563,869	500,393
Investment Properties	0	0
Intangible Assets	0	42,453
Revenue Expenditure Funded from Capital under Statute	3,142,541	2,061,830
Loan	414,000	0
	7,120,410	**2,604,676**
Sources of finance		
Capital Receipts	3,421,083	428,817
Better Care Funding/Disabled Facilities Grants	1,811,091	1,608,216
S106 Contributions	290,250	15,288
Community Infrastructure Levy (CIL)	0	180,301
Other grants & external funding	1,304,557	279,144
Earmarked Reserves	0	0
Direct Revenue Contributions	0	0
Minimum Revenue Provision (MRP)	4,461	3,628
	6,831,442	**2,515,394**
Net increase / (decrease) in Capital Financing Requirement	**288,968**	**89,282**
Closing Capital Financing Requirement	**359,937**	**449,219**

The increase in Capital Financing Requirement in 2025/26 represents capital expenditure in respect of solar roof panels at Trinity Road and EVCP assets financed through the Community Municipal Investment.

D9. Assets Held for Sale

Current Assets	2024/25 £	2025/26 £
Opening Balance - 1 April	0	584,650
Assets classified as/(transferred from) held for sale during the year:		
- Property, Plant & Equipment	584,650	0
Assets sold	0	(584,650)
Closing Balance - 31 March	584,650	0

Additional Disclosures – Technical Notes

E1. Defined Benefit Pension Scheme

Participation in pension schemes

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

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

Publica Group (Support) Limited

On 1st November 2017 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. Staff transferred back to the Council in November 2024 and July 2025 but a significant number are still employed by Publica and members of the LGPS. 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.

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:

	2024/25 £	2025/26 £
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	1,198,000	1,033,000
Past Service Cost	0	421,000
Financing and Investment Income & Expenditure:		
Net Interest Expense	544,000	715,000
Net Charge to Surplus or Deficit on Provision of Services	**1,742,000**	**2,169,000**
Other post employment benefit charged to Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	451,000	(4,309,000)
Actuarial (gains) arising on changes in financial assumptions	(14,397,000)	(2,483,000)
Actuarial (gains) arising on changes in demographic assumptions	(168,000)	(1,260,000)
Asset ceiling adjustment	17,069,000	(713,000)
Experience losses	(980,000)	7,233,000
	1,975,000	**(1,532,000)**
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	**3,717,000**	**637,000**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	**(1,742,000)**	**(2,169,000)**
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**2,619,000**	**3,023,000**

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 2025 £	31 March 2026 £
Present value of the defined benefit obligation - funded	(81,894,000)	(88,148,000)
Present value of unfunded obligations	(1,996,000)	(1,896,000)
Fair Value of Plan Assets	102,151,000	111,797,000
Asset Ceiling Adjustment	(31,382,000)	(32,488,000)
Net liability arising from defined benefit obligation	**(13,121,000)**	**(10,735,000)**

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

	2024/25 £	2025/26 £
Opening Fair Value of Scheme Assets	99,166,000	102,151,000
Interest Income	4,726,000	5,902,000
Remeasurement Gains / (Losses)	(451,000)	4,522,000
Employers' Contributions	2,450,000	2,852,000
Employee Contributions	371,000	448,000
Contributions in respect of unfunded benefits	169,000	171,000
Benefits Paid	(4,111,000)	(4,078,000)
Unfunded Benefits Paid	(169,000)	(171,000)
Closing Balance 31 March	**102,151,000**	**111,797,000**

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

	2024/25 £	2025/26 £
Opening Balance 1 April	(97,532,000)	(83,890,000)
Current Service Cost	(1,198,000)	(1,033,000)
Interest Cost	(4,614,000)	(4,798,000)
Contributions from Scheme Participants	(371,000)	(448,000)
Past Service Cost	0	(421,000)
Remeasurement(Gains)/Losses	15,545,000	(3,703,000)
Benefits Paid	4,111,000	4,078,000
Unfunded Benefits Paid	169,000	171,000
Closing Balance 31 March	**(83,890,000)**	**(90,044,000)**
Funded	**(81,894,000)**	**(88,148,000)**
Unfunded	**(1,996,000)**	**(1,896,000)**

Composition of Scheme Assets

	2024/25				2025/26			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
Debt Securities								
Corporate Bonds (investment grade)			-	0%			-	0%
Corporate Bonds (non investment grade)			-	0%			-	0%
UK Government			-	0%			-	0%
Other			-	0%			-	0%
Private Equity								
All	-	2,925	2,925	2%		3,198	3,198	3%
Real Estate								
UK Property	3,397	2,787	6,184	6%	1,516	5,537	7,053	6%
Overseas Property		1,902	1,902	2%		1,805	1,805	2%
Investment Funds and Unit Trusts								
Equities		62,145	62,145	60%		67,939	67,939	61%
Bonds	7,353	10,322	17,676	18%	7,828	10,998	18,827	17%
Infrastructure		5,548	5,548	4%		4,413	4,413	4%
Other		4,353	4,353	4%		5,617	5,617	5%
Derivatives								
Foreign Exchange	75		75	1%	489		489	0%
Other	-		0	0%				0%
Cash and Cash Equivalents								
All	1,344		1,344	3%	2,456		2,456	2%
	12,169	**89,982**	**102,151**	**100%**	**12,289**	**99,508**	**111,797**	**100%**

Basis for estimating assets and liabilities

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

Mortality Assumptions (average future life expectancy at age 65 - years)	**Males**	**Females**
Current Pensioners	22.8	25.1
Future Pensioners*	23.6	26.6
*Assume members aged 45 as at last formal valuation date - 31 March 2025		
Financial Assumptions	**31 March 2025**	**31 March 2026**
Rate of increase in pensions	2.8%	3.0%
Rate of increase in salaries	3.3%	3.5%
Discount Rate	5.8%	6.2%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised above.

Included in the assumptions is an allowance for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits.

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

	Approx. increase in liability	
	%	**£**
0.1% decrease in Real Discount Rate	1%	1,238
0.1% increase in salary increase rate	4%	3,602
0.1% increase in pension increase rate	0%	43
1 year increase in life expectancy	1%	1,195

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

The estimated employer's contributions for the year to 31st March 2027 will be approximately £1,901,000.

E2. Financial Instruments

Categories of Financial Instruments

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

31 March 2025 Non-Current £	31 March 2025 Current £		31 March 2026 Non-Current £	31 March 2026 Current £
		Financial Assets at Amortised Cost		
0	2,587,272	Investments	0	7,374,636
1	0	Ubico Shareholding	1	0
0	726,095	Cash and cash equivalents	0	794,283
3,375,742	1,895,831	Debtors	3,152,835	2,476,668
2,578,865	902,898	Finance Leases	1,738,011	883,540
5,954,608	6,112,096		4,890,847	11,529,127
		Fair Value through Profit or Loss		
9,574,349	1,287,106	Investments	9,860,191	1,403,480
0	8,192,604	Cash and cash equivalents	0	9,028,786
9,574,349	9,479,710		9,860,191	10,432,266
		Fair Value through Other Comprehensive Income		
690,000	7,500	Designated Equity Instruments	640,000	15,000
16,218,957	**15,599,306**	**Total Financial Assets**	**15,391,038**	**21,976,393**
		Financial Liabilities at Amortised Cost		
(157,587)	(102,006)	Borrowing	(55,037)	(106,544)
	(2,412,729)	Creditors		(2,357,625)
(157,587)	**(2,514,735)**	**Total Financial Liabilities**	**(55,037)**	**(2,464,169)**

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	4,890,846	10,818,447	(7,265,313)
Finance Leases (shown separately)	(1,738,011)	(883,540)	
Items not classified as Financial Instruments:			
Statutory & Government Debtors / Creditors		(7,022,013)	2,573,591
Payments / Receipts in Advance		(436,226)	2,334,097
Total Debtors / Creditors (as above)	**3,152,835**	**2,476,668**	**(2,357,625)**

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:

2024/25 Financial Assets Amortised Cost £	2024/25 Financial Assets Fair Value through P&L £	2024/25 Financial Assets Fair Value through OCI £	2024/25 Financial Liabilities Amortised Cost £		2025/26 Financial Assets Amortised Cost £	2025/26 Financial Assets Fair Value through P&L £	2025/26 Financial Assets Fair Value through OCI £	2025/26 Financial Liabilities Amortised Cost £
				- **Financing & Investment Income and Expenditure**				
			6,772	Interest Expense				5,010
(821,697)	(840,247)	(30,375)		Interest / Dividend income	(745,501)	(847,456)	(30,000)	
				Changes in impairment loss allowance				
	(187,649)			Changes in fair value		(336,290)		
				Other Comprehensive Income				
		262,900		Changes in fair value			50,000	
(821,697)	**(1,027,896)**	**232,525**	**6,772**	**Net (Gains) / Losses for the Year**	**(745,501)**	**(1,183,747)**	**20,000**	**5,010**

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 2026 £
-	-	
Fair Value through Profit or Loss	-	
Money Market Funds	Level 1	9,028,786
Pooled Investment Funds	Level 1	11,263,671
		20,292,457

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 2025		31 March 2026	
	Carrying Amount £	**Fair Value £**	**Carrying Amount £**	**Fair Value £**
-				
Financial Assets at Amortised Cost				
Investments	2,587,272	2,587,272	7,374,636	7,374,636
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	726,095	726,095	794,283	794,283
Non-Current Debtors	3,375,742	3,375,742	3,152,835	3,152,835
Non-Current Finance Leases	2,578,865	2,578,865	1,738,011	1,738,011
	9,267,975	**9,267,975**	**13,059,766**	**13,059,766**
Financial Liabilities at Amortised Cost				
Borrowing	(259,593)	(259,593)	(161,581)	(161,581)
	(259,593)	**(259,593)**	**(161,581)**	**(161,581)**

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 2025 £	31 March 2026 £	31 March 2025 £	31 March 2026 £
Fundamentum Social Housing REIT plc	690,000	640,000	30,375	30,000
	690,000	**640,000**	**30,375**	**30,000**

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 2026 is £161,582 and is carried in the balance sheet at amortised cost.

Cottsway 2 Limited – Loan Facility

On 26 July 2022, the Council entered into an agreement to provide a loan facility of £3,753,000 to Cottsway 2 Ltd (a subsidiary of Cottsway Housing Association). The purpose of the loan facility is to enable the provision of new dwellings incorporating low carbon technology at Davies Road, Moreton-in-Marsh. £1,855,500 of the facility is a short-term arrangement which will be repaid in full on receipt of grant funding by Cottsway 2 Ltd from Homes England. The remainder of £1,897,500 is a long-term secured loan facility to be repaid within 50 years of the first drawdown date (rate of 4%).

As of 31 March 2026, the balance on the loan facility was £1,992,847.

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 rest 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 Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. These procedures require the Council to manage risk in the following ways:

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

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

Credit Risk

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

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

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

	Investment Balance
-	
Fixed duration deals	
Central Government	£6,373,990
Banks	£1,000,646
Call accounts and other 'cash equivalent' investments	
Money Market Funds	£9,028,786
Call Accounts	£147,174
UK Equities	
Real Estate Investment Trust (REIT)	£655,000
Pooled funds	
Non-rating agency rated pooled fund	£11,263,671
separately approved by the Council's Treasury Management advisors	
	28,469,267

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

	Investment values - maturing within:			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
-	-	-	-	
Internally managed funds				
Central Government	£6,373,990			
Banks	£1,000,646			
Money Market Funds	£9,028,786			
Call Accounts	£147,174			
UK Equities	£15,000			£640,001
Externally managed funds				
Pooled Funds	£140,259			£11,123,412
	£16,705,855			£11,763,413

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

	Liabilities - Maturity analysis 31/3/26			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
-	**£**	**£**	**£**	**£**
Borrowing				
Cotswold Climate Loan	0	(52,693)	(53,852)	(55,037)
	0	(52,693)	(53,852)	(55,037)
	Liabilities - Maturity analysis 31/3/25			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
-	**£**	**£**	**£**	**£**
Borrowing				
Cotswold Climate Loan	0	(50,448)	(51,558)	(157,587)
	0	(50,448)	(51,558)	(157,587)

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

Liquidity Risk

The Council manages its cash flow to ensure cash is available when it is needed. In the event of an unexpected cash requirement, the Council can 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 £362,000 (£323,864, 2023/24).

Price Risk

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

The Council's investment in a property fund and multi asset funds (including property) is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2026 would result in an immaterial charge to the surplus or deficit on the provision of service which is then transferred to the Pooled Investment Fund Adjustment Account.

The Council's investment in multi asset funds (which includes equities) are subject to the risk of falling share prices. A 5% fall in shares prices at 31st March 2026 would result in an immaterial charge to the Surplus or deficit on the provision of services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a REIT is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £1m. A 5% fall in residential property prices at 31 March 2026 would result in a £32,750 charge to Other Comprehensive Income and Expenditure (£34,875 on 31 March 2025) which would be reflected in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

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

E4. Leases

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

The authority’s lease portfolio consists of leases of operational land and buildings and plant and equipment. During the year, lease payments charged to Cost of Services totalled £35,529 (2024/25: £35,529), all of which relate to the lease of printers and a coffee machine, classified as low-value leases under the authority’s accounting policies.

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

Assets previously recognised as Property, Plant and Equipment (PPE) which meet the definition of right-of-use assets under IFRS 16 and therefore remain on the Council’s balance sheet as such, total £2.480 million.

Authority as Lessor [leasing assets out]

Finance Leases

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

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

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

	31 March 2025 £	31 March 2026 £
Present value of principal payments outstanding on non current assets	3,481,763	2,621,555
Unearned finance income	2,836,705	5,393,293
	6,318,468	**8,014,848**

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 2025	31 March 2026	31 March 2025	31 March 2026
	£	£	£	£
-				
Not later than one year	1,039,971	996,222	902,898	883,537
Later than one year & not later than five years	2,143,040	1,429,854	1,795,214	1,136,325
Later than five years	3,135,456	2,967,216	783,651	601,694
	6,318,468	**5,393,293**	**3,481,763**	**2,621,555**

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 2025/26 the Council received £113,000 in contingent rents (2024/25 £101,280).

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

Operating Leases

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

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

	31 March 2025	31 March 2026
	£	£
Not later than one year	653,209	635,852
Later than one year & not later than five years	797,351	644,352
Later than five years	171,735	513,159
	1,622,295	**1,793,363**

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

E5. Accounting Policies

i) General Principles

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

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

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

ii) Accruals of income and expenditure

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

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

iii) Cash and cash equivalents

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

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

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

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

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 normally 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. Changes to the valuation of non-investment assets will be applied prospectively, with no restatement of prior year figures.

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.

<u>Accounting for Council tax and NDR</u>
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

<u>Benefits payable during employment</u>
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.

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 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. In accordance with regulations/statutory guidance, the Council spreads the gain or loss over the remaining financial years of the original loan term, starting from the current financial year through to and including the year in which the loan would have been repaid. In the case of premiums, the Council may elect to amortise the cost over a shorter period. 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).

<u>Financial assets measured at amortised cost</u>

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.

<u>Financial assets measured at fair value through other comprehensive income (FVOCI)</u>

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.

<u>Financial assets measured at fair value through profit or loss (FVPL)</u>

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

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the relevant Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations. This allows (where relevant criteria are met) for fair value gains and losses on Pooled

Investment Funds made before 1 April 2024 to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2029.

For Pooled Investment Funds made on or after 1 April 2024, fair value gains and losses will be charged to the General Fund.

.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.

Community Infrastructure Levy

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

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

xii) Heritage assets

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

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

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

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

xiii) Intangible assets

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

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

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

xiv) Inventories and long-term contracts

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

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

xv) Investment property

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

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

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

xvi) Leases

The council as lessee

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

Initial measurement

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

<u>Low value and short lease exemption</u>

As permitted by the Code, the Council excludes leases:

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

<u>Lease expenditure</u>

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

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

The Council as lessor

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

Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating leases

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

xvii) Property, Plant and Equipment

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

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

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

Measurement
Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme with annual indexation applied to assets during the four intervening years. Where the Council cannot obtain indices without undue cost or effort, it will apply a desktop revaluation in year three. 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.

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). For asset additions, no depreciation is provided for during the financial year of acquisition. However, a full year's depreciation is provided for in the financial year of disposal.

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:

- 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

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

xxi) Value Added Tax

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

xxii) Fair value measurement of non-financial assets

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

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

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

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

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

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

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

E6. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

Item	Uncertainties	Effect if actual result differs from assumptions
Property, Plant & Equipment – Operational Property	The Council's property assets are measured at current value in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. Valuations are undertaken by appropriately qualified internal and external valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (the Red Book). A range of valuation methodologies are applied depending on the nature of the asset. These include Depreciated Replacement Cost (DRC) for specialised operational assets, and fair value using investment, income, comparative and residual approaches where appropriate, consistent with the accounting policies set out in Note E5 and the disclosures within Notes D1 and D2. Where assets are not subject to a full revaluation in the financial year, the Council applies indexation to ensure that carrying values do not materially differ from current value at the reporting date. This includes the use of externally sourced indices such as CBRE commercial property indices for office, retail and industrial assets, BCIS construction indices for assets valued on a DRC basis, and relevant market indices for development land. The remainder of the portfolio unvalued in 2025/26 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. The Council's valuers provided valuations as at 31 March 2026 for the Council's investment property portfolio and approximately 56% of its operational portfolio. With regards to Depreciated Replacement Cost (DRC) method valuations of operational properties and the residual valuations of the surplus properties, the valuers consider that of all the valuation elements in a DRC the build	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 £51m. 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. If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. 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 £73.8m. It is estimated that the annual depreciation charge for buildings would increase by approximately £66,000 for every year that useful lives had to be reduced.

Item	Uncertainties	Effect if actual result differs from assumptions
	costings are the most volatile assumption and most susceptible to change through inflation and rising material/labour costings, among other things. Operational assets are depreciated over the best estimate of an asset's useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council's valuer. Whilst valuations are prepared in accordance with recognised professional standards and based on the best available information at the reporting date, the valuation of property assets remains subject to estimation uncertainty.	
Fair Value measurement of Investment Property	The Council's valuers use valuation techniques to determine the fair value of investment property. This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In this case, the valuers use the best information available. 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.	Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. 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. A fall of 5% in the overall valuation would result in a fall in value of £233,850.
Pension Liability	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. An asset ceiling calculation has been applied to the pension fund asset value included in the accounts. This is due to an ongoing requirement to pay agreed past service contributions. Relevant accounting standards only set out high level principles, which are open to a wide range of interpretation. The approach adopted was proposed by the Council's consulting	The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities. For further details of the impact of variations in key assumptions, see note E1. Prior to the Asset Ceiling adjustment the Council's share of pension fund assets had increased by £9.646m and the liability increased by £6.154m, resulting in the overall net liability reducing

Item	Uncertainties	Effect if actual result differs from assumptions
	actuary following discussions with key LGPS audit practitioners. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.	by £3.492m. Without the asset ceiling adjustment the pension asset would be £21.753m.

E8. Accounting Standards Not Yet Adopted

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

The following standards and amendments are not expected to be introduced until on or after 1 April 2026:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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

E9. Related Parties

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

Central Government

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

Members of the Council

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

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

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

- Ten Members have declared an interest as a Town or Parish Councillor where grants and contributions (£32,964) were awarded during 2025/26 (£53,775 in 2024/25).

- One Cabinet Member was nominated by the Council to sit on the board of Cotswold National Landscape, who received grants of £35,262 from the Council during 2025/26 (£21,286 in 2025/26).

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 2026 six of the Council's Members were also Members of Gloucestershire County Council (5 as of 31 March 2025). Cotswold District Council made payments of £1,096,384.97 to the County Council and received grants, fees and contributions of £2,357,430 during 2025/26 (payments of £640,614 and grants fees and contributions of £1,230,214 in 2024/25)

Officers

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

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

Publica Group (Support) Limited

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

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

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

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

During 2025/26 the Council made payments to Publica of £8,475,165 (2024/25 £8,713,100) for services and received income of £574,011 (2024/25 £643,584). On 31 March 2026 the Council owed Publica £99,579 (creditors and receipts in advance) (31 March 2025, £147,872) and was owed £156,179 (debtors and payments in advance) (31 March 2025, £385,170).

Ubico Limited

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

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

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

During 2025/26 the Council made payments to Ubico of £9,878,742 for contract services (2024/25 £8,443,292) and received income of £1,382,783 (2024/25 £690,909). At 31 March 2025, Ubico Limited owed the Council £513,532 (debtors) (2024/25, £330,311) and the Council owed Ubico Limited £218,699 (creditors and receipts in advance) (2024/25, £108,373).

Other Public Bodies

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

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

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

E10. Events After the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on 30 June 2026.

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 2026, 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

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

	2024/25 £	2025/26 £
Depreciation, amortisation and impairment	1,797,100	1,948,231
Increase / (decrease) in creditors	(545,661)	522,492
(Increase) / decrease in debtors	(3,038,010)	785,401
Increase / (decrease) in provision for bad debts	208,531	(121,371)
(Increase) / decrease in inventories	2,097	(62)
Pensions' liability	(877,000)	(854,000)
Gain/loss on disposal of PPE	1,149,641	68,538
Increase / (decrease) in provisions	(159,364)	(460,715)
Movement in the fair value of PPE charged to CIES	130,504	0
Movements in the fair value of investment properties	670,000	(472,000)
Movements in the fair value of financial instruments	(187,649)	(336,290)
	(849,812)	**1,080,224**

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

	2024/25 £	2025/26 £
Capital grants applied to the financing of capital expenditure	(5,708,053)	(3,121,925)
Proceeds from the sale of non current assets	(1,149,641)	(68,538)
Unattached capital receipts	0	(325,024)
	(6,857,694)	**(3,515,487)**

F3. Investing Activities

	2024/25 £	2025/26 £
Purchase of property, plant & equipment and other capital investment	(3,219,810)	(747,962)
Purchase of short term and long term investments	(127,650,000)	(200,990,000)
Cottsway Loan issued	(413,821)	0
Proceeds from the sale of non current assets	791,444	2,073,576
Proceeds from disposal of short term and long term investments	126,220,000	196,230,000
Repayment of Cottsway Loan	241,225	0
Capital Grants applied	4,408,099	3,121,925
Capiatl grants received	0	
Other (receipts) / payments from investing activities	510,724	(769,887)
	887,860	**(1,082,349)**

F4. Financing Activities

	2024/25 £	2025/26 £
Repayments of short term borrowing	(97,662)	(107,017)
	(97,662)	**(107,017)**

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).

2024/25 Business Rates £	2024/25 Council Tax £	2024/25 Total £		Note	2025/26 Business Rates £	2025/26 Council Tax £	2025/26 Total £
	(94,625,372)	(94,625,372)	Council Tax receivable	*G1*		(102,538,835)	(102,538,835)
(31,300,867)		(31,300,867)	Business Rates Receivable	*G2*	(35,286,632)		(35,286,632)
(1,567,288)		(1,567,288)	Transitional Protection Payments		(176,848)		(176,848)
1,112,650		1,112,650	Contribution to previous year's surplus(-)/deficit		(2,022,908)		(2,022,908)
(31,755,505)	**(94,625,372)**	**(126,380,877)**	**Total Income**		**(37,486,388)**	**(102,538,835)**	**(140,025,223)**
			Apportionment of previous year's Surplus/Deficit(-)				
	23,896	23,896	Cotswold District Council			119,475	119,475
	148,760	148,760	Gloucestershire County Council			729,909	729,909
	28,808	28,808	Gloucestershire Police & Crime Commissioner			140,560	140,560
0	201,464	201,464			0	989,944	989,944
			Precepts, Demands and Shares				
16,868,706		16,868,706	Central Government		18,442,647		18,442,647
13,494,964	11,222,349	24,717,313	Cotswold District Council		14,754,118	12,224,262	26,978,380
3,373,741	68,560,814	71,934,555	Gloucestershire County Council		3,688,529	74,670,789	78,359,318
	13,202,870	13,202,870	Gloucestershire Police & Crime Commissioner			14,318,440	14,318,440
33,737,411	92,986,033	126,723,444			36,885,294	101,213,491	138,098,785
			Charges on the Collection Fund				
146,197	104,742	250,939	Write-offs of uncollectable amounts		180,552	160,883	341,435
(181,528)	751,657	570,129	Increase / (decrease) in Bad Debt / Appeals Provisions	*G3*	(1,016,976)	237,014	(779,962)
196,273		196,273	Cost of Collection		195,808		195,808
267,468		267,468	Disregarded Amounts	*G4*	165,475		165,475
428,410	856,399	1,284,809			(475,141)	397,897	(77,244)
34,165,821	**94,043,896**	**128,209,717**	**Total Expenditure**		**36,410,153**	**102,601,332**	**139,011,485**

2,410,316	**(581,476)**	**1,828,840**	**(Surplus) / Deficit for the Year**		**(1,076,235)**	**62,497**	**(1,013,738)**
575,525	(773,274)	(197,749)	(Surplus) / Deficit brought forward		2,985,841	(1,354,750)	1,631,091
2,985,841	**(1,354,750)**	**1,631,091**	**(Surplus) / Deficit carried forward**	*G5*	**1,909,606**	**(1,292,253)**	**617,353**

Notes to the Collection Fund

G1. Council Tax System

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

Council Tax was introduced on 1 April 1993 and is a property-based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. 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 2025/26.

Valuation Bands		**Estimated number of taxable dwellings***	**Ratio**	**Equivalent number of Band D dwellings**
A-	Band A - entitled to disabled relief reduction	1.84	5/9	1.02
A	up to £40,000	2,453.86	6/9	1,635.91
B	£40,001 - £52,000	3,829.16	7/9	2,978.24
C	£52,001 - £68,000	9,330.47	8/9	8,293.75
D	£68,001 - £88,000	6,839.81	1	6,839.81
E	£88,001 - £120,000	6,121.37	11/9	7,481.67
F	£120,001 - £160,000	4,967.45	13/9	7,175.21
G	£160,001 - £320,000	4,678.97	15/9	7,798.28
H	over £320,001	742.75	18/9	1,485.50
	Contributions in lieu (South Cerney Barracks)	138.67	-	138.67
				43,828.06
	Adjustments for collection rates and anticipated changes during the year			628.10
** adjusted for discounts and exemptions*				**44,456.16**

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

The above calculations resulted in an "average Band D Tax" of £2,160.66 per dwelling for 2025/26 (2024/25 - £2,061.83) 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.

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 2025/26 the Authority benefited from a Pool distribution of £864,946 (£478,908 in 2024/25).

	2024/25 £	2025/26 £
Total Non Domestic Rateable Value at 31 March	£102,968,491	£102,673,905
National Non-domestic Rate Multiplier - Higher	54.6	55.5
National Non-domestic Rate Multiplier - Lower [Small Business]	49.9	49.9

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

G3. Taxpayers' Arrears & Provisions for Uncollectable Amounts

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

	2024/25 £	2025/26 £	% of arrears
Council Tax	(947,496)	(1,184,510)	19.9%
National Non Domestic Rates	(553,081)	(687,894)	27.4%
	(1,500,577)	**(1,872,404)**	

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.

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 2026:

	Central Govt. £	Cotswold District Council £	Gloucs. County Council £	Gloucs. P&CC £
Council Tax				
Debtors	n/a	715,633	4,387,899	847,442
Bad Debt Provision	n/a	(142,443)	(873,388)	(168,679)
Prepayments and Overpayments	n/a	(315,011)	(1,931,492)	(373,032)
(Surplus) / Deficit at 31 March	n/a	(156,142)	(953,420)	(182,690)
Business Rates				
Debtors	1,254,955	1,003,964	250,991	n/a
Bad Debt Provision - Tax Payers	(343,947)	(275,157)	(68,790)	n/a
Appeals Provision	(777,045)	(621,636)	(155,408)	n/a
Prepayments and Overpayments	(611,786)	(489,428)	(122,357)	n/a
(Surplus) / Deficit at 31 March	(954,806)	(763,840)	(190,960)	n/a

The apportionment of the balances on the Collection Fund as at 31 March 2025 is as follows:

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

ANNUAL GOVERNANCE STATEMENT 2025/26

TO INCLUDE

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

Glossary

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

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

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

Actuarial Gains and Losses [Defined Benefit Pension Scheme]
Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

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

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

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

Business Rates (NNDR/NDR)
Rates payable on business (non-domestic) premises based on their Rateable Value.

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

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

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

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

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

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

Contingent Liability
A contingent liability is either:

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

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

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

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

Current Service Cost [Defined Benefit Pension Scheme]
The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

Curtailment [Defined Benefit Pension Scheme]
An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

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

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

Direct Revenue Financing (DRF)
Resources provided from an Authority's revenue budget to finance the cost of capital projects.

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

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

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

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

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

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

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

General Fund (GF)
The main revenue fund used to meet day-to-day spending on providing Council services.

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

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

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

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

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

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

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

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

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

Net Book Value (NBV)
The amount at which non-current assets are included in the balance sheet.

Net Interest on the Net Defined Benefit Liability [Defined Benefit Pension Scheme]
The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

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

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

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

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

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

Past Service Costs [Defined Benefit Pension Scheme]
The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

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

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

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

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

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

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

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

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

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

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

Revenue Expenditure Funded by Capital Under 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.

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

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