COTSWOLD
DISTRICT COUNCIL

STATEMENT OF ACCOUNTS
2020/2021

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Narrative Report

Cotswold District Council

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

The population is approximately 84,000, 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

The Council held its local elections in May 2019. This resulted in a change of political control from Conservative to Liberal Democrat. The administration set out its aims, priorities and underlying principles that will set the direction for the Corporate Strategy for the Council for the period 2020-2024.

In September 2019, the Council adopted high level council aims and priorities. The more detailed work was partly delayed by the impact of Covid-19 but presented an opportunity to re-examine the Council's priorities as part of the Covid-19 recovery work. The recovery work has been embedded within the new Corporate Plan 2020-24 that was adopted by the Council in September 2020.

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

Key areas of focus are:

- Respond to the challenges presented by the Climate Change Emergency
- Deliver good quality social rented homes
- Present a Local Plan which is Green to the Core
- Ensure that all services delivered by the Council are delivered to the highest standard
- Help residents and communities access the support they need for good health and wellbeing
- Support businesses to grow in a green, sustainable manner, and to provide high value jobs

The financial impact of these priorities was reflected in an update to the Medium Term Financial Strategy during 2020/21.

Each quarter, the Council monitors its progress towards achieving its aim and priorities, service delivery and financial performance. While the new Corporate Strategy was in development, the focus of reporting was on service delivery and financial performance. A new performance management framework has been develop during 2020/21; a much broader framework than previous frameworks with a key shift in focus from performance monitoring to performance management.

Despite the impact of Covid-19 on resources, progress has been made to deliver actions in the Corporate Plan including:

- The draft Affordable Housing Delivery Strategy was approved in February; it sets out the delivery strategy for the Council to accelerate provision of social rented and affordable homes for local people.
- The first phase of the cashless parking project has been completed within the removal of the option to pay with cash at Rissington Road, Bourton on the Water' Maugersbury Road, Stow on the Wold and Beeches car park, Cirencester.
- The Council received £1.2m of government funding from the Public Sector Decarbonisation Scheme, which will be used to implement carbon reduction measures at three Council sites; work to procure a provider to install the measures commenced in 2021/22.
- Following the adoption of the Electric Vehicle Charging Point delivery plan in January 2021, the Council completed the procurement of an electric vehicle charge point provider. The contract will enable the Council to roll out EBVCPs in a number of locations in the District, including public car parks and Council offices.
- A range of projects to tackle inequality including working with partner to support young people and improve their mental health, promoting healthy lifestyles and raising awareness of domestic abuse.

Covid-19 pandemic

The Covid-19 pandemic has continued to have a significant impact on our communities, businesses and customers as the nation moves between response and recovery, and response again. This has included:

- Many services supporting residents, communities and businesses impacted by Covid-19 as part of their every day job including supporting businesses to access grants, carrying out 'track and trace', and ensuring residents get the help they need from the Council or by signposting to relevant organisations. This has included referrals from residents in need via the Gloucestershire Help Hub and National Shielding Support Service (NSSS).

- The Council's business rates collection figure has been severely impacted by Covid-19, as is the case with other councils throughout the country. During 2020/21, the Council has distributed a number of support grants to eligible businesses. During 2020/21 the Council distributed a total of £57,659,390 A summary of business grants administered is included below

Grant	Value £	No of Businesses
Small Business Grant and Retail Hospitality and Leisure	35,720,000	2,884
Local Authority Discretionary	1,686,203	391
Local Restrictions Support Grant (Closed Mandatory) – Paid to businesses in retail, leisure, hospitality, accommodation and events	9,889,509	6,162
Additional Restrictions Grant (Discretionary) Available for businesses that do not have a business rate assessment but have been severely impacted by the pandemic (includes charity properties and market traders)	1,937,897	1,208
Christmas Support Payment for wet led pubs	47,000	47
Closed Business Lockdown payment – one off payment.	6,982,258	1,503
Local Restriction Grant – Open	1,396,523	2,679

- Distributed £59,500 in financial support to 119 individuals having to self-isolate under the Test and Trace support payment.
- The Council's leisure centres have been severely affected by three national lockdowns when the facilities were required to close down. The Council agreed a contract variation with the service provider and agreed a package of financial support to cover the period to July 2021. Some government grant funding has been made available to cover Council losses from waiving management fees, as well as costs incurred by leisure operators during the lockdown and to support re-opening.
- Parking income has been severely affected by the reduction in car park usage during multiple lockdowns.
- The delivery of affordable housing was affected by the first lockdown, but has recovered well with 114 affordable homes delivered during 2020/21. The delay in both completing schemes and commencing new schemes will result in fewer completions in 2021/22.

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. From July 2020, the Publica Executive Director of Commissioning acted as Interim Chief Executive until the appointment of a new permanent Chief Executive in January 2021.

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 5 year MTFS, the latest being approved by Council on 24 February 2021. This update reflected announcements in the local government settlement for 2021/22 including:

- Funding baseline to increase with inflation;
- Councils impacted by "negative Revenue Support Grant" (including this Council) would continue to be protected from this funding cut;
- New Homes Bonus to continue for 2021/22 only;

- Rural Services Delivery Grant to continue for 2021/22;
- Continuation of Sales, Fees and Charges Compensation Scheme extended to first quarter of 2021/22;
- New Lower Tier Services Grant to ensure no Authority saw on overall reduction in core spending power which includes income from Retained Business Rates, Council Tax, Lower Tier Support Grant, New Homes Bonus and Rural Services Delivery Grant;
- The Government delayed changes to local government funding from the Fairer Funding Review and Business Rates Retention Scheme to April 2022.

The MTFS also reflects forecast income from the revised Business Rates Retention Scheme and Business Rates Pool, compensation for losses through the S31 grant and additional income generation or savings required to compensate for loss of government funding and the use of borrowing over the span of the MTFS to fund the Council's Recovery Investment Strategy.

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

	2021/22	**2022/23**	**2023/24**	**2024/25**
	£000s	**£000s**	**£000s**	**£000s**
Net Cost of Service	12,557	10,636	10,126	10,098
Central Government Funding	(6,696)	(3,564)	(2,959)	(3,078)
Council Tax	(5,814)	(6,095)	(6,383)	(6,676)
Collection Fund (Surplus)/Deficit	(54)	(53)	(53)	(100)
Budgeted (Surplus)/Deficit	(7)	924	731	244

Investment in Council Priorities

Over the life of the MTFS, the Council is planning to invest in the Council Priorities as follows:

- £750,000 towards addressing climate change. This funding will kick-start our action plan to make the Cotswold District "green to the core". Actions include encouraging residents to switch to electric vehicles by delivering electric charging points across the district; reviewing use of offices and buildings as large number of staff continue working from home; identifying opportunities to use our assets to support our climate strategy and minimising costs so we can use more of our funding in support of climate action.
- £740,000 over the next three years towards reviewing our local plan. The outcome is to ensure new developments in the District suit the needs of our communities and protect our landscapes and heritage.
- £100,000 over two years to plan and develop better, greener transport options in the District, including cycle and walking routes and innovative bus options.
- £350,000 over three years to fund our Recovery Investment Strategy which aims to make the money we have go further and maximise our support for the District in its recovery from Covid-19.

Retained Business Rates

The Council has been part of the Gloucestershire 50% Business Rate Pool Pilot for 2020/21. The MTFS assumes that any windfall gain associated with the Business Rates Pool in 2020/21 will be allocated to the Council Priorities Fund.

A significant level of risk remains due to the volume of outstanding appeals against the 2010 valuation list and a new 2017 list came into effect in April 2017 together with a new Check, Challenge and Appeal process, replacing the former appeals process.

The MTFS has been updated to include the latest Business Rates estimates and assumes that the Council will be compensated (through Section 31 grant) for the impact on Business Rates, which relate to any nationally, announced discounts or reliefs to businesses including those in relation to Covid-19. This year's accounts include a transfer of £7.4m from the general fund to an earmarked business rate smoothing reserve to fund the Collection Fund deficit payable in 2021/22.

Council Tax

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

MHCLG proposed a maximum Council Tax increase of 2% or £5 for 2021/22. The MTFS assumes increases of £5 per annum on a Band D property to 2024/25.

Financial Assumptions

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

- provision for the impact of pay inflation on the Publica contract sum of 1% for 2021/22 and 2.5% each year thereafter;

- provision for service contract inflation;
- investment interest returns are expected to generate a 1.34% return with pooled funds expected to generate a higher 3% return;
- inflationary increase to central government funding
- growth in Council Tax base of 1.2% per annum;

Savings Targets

The MTFS includes savings targets from additional income generation or savings of £5m over the next four years to compensate for lost government funding. A Recovery Investment Strategy has been approved by Council, which sets out the options for delivering additional income or generating further savings.

Capital Investment and Borrowing

The Council has included £54 million of capital investment to reflect the desire to invest to deliver against the Council Priorities and Corporate Plan, approved in September 2020, and to generate additional income to replace anticipated reductions to Government funding. The Council will need to borrow to fund its capital programme. The revenue implications of the proposed borrowing, provision for repayment of debt and interest payments, is included in the Medium Term Financial Strategy

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

Financial Performance

As part of the Recovery Plan, the Council's budget for 2020/21 was revised in September 2020. This has enabled financial performance to be monitored against the original and revised budgets. In addition, a refresh of the Medium Term Financial Strategy was undertaken and presented to Cabinet in September 2020, which reflects the impact of Covid-19 on the Council and included the revised use of revenue reserves in 2020/21.

The financial impact of the pandemic has resulted in additional expenditure incurred by the Council in its response, falls in income from sales, fees and charges and savings being delayed or no longer deliverable.

The impact of the pandemic has been mitigated by the support provided to local authorities by Central government including Covid-19 grant funding and the income compensation scheme. This has provided the Council with £2.6m of income during the year.

For 2020/21, the Council was planning to increase its General reserve by £0.21 million. Due to the impact of Covid-19 on the Council's finances, Council approved a revised budget in September 2020. The Council expected to use £0.22 million of the General Fund and the net impact of Covid-19 was expected to cost the Council £0.44 million.

The outturn position resulted in a contribution to the General Fund of £21k (after budgeted transfer of £3.6m to the Gloucestershire Local Government Pension Fund) a decrease of £244k on the budgeted use (£222k transfer from the General Fund).

The transfer to the general fund balance is shown in the Movement in Reserves Statement on page 14. The Expenditure and Funding Analysis on page 19 links the change in general fund balance, together with the increase in earmarked reserves, with the surplus shown in the Comprehensive Income and Expenditure Statement, showing the adjustments made to ensure the statement complies with generally accepted accounting practice.

The significant items that have affected the services outturn are as follows:

Income

The impact of Covid-19 upon planning fee income and pre-application advice for the year was expected to reduce income to £720,000 and this was reflected in the revised budget for 2020/21. Income within Planning recovered more than the revised budget had estimated, £1,073,000 of planning fees income was received during the year, resulting in an over achievement of income of £353,000.

The Council suspended charges in its car parks in March 2020 in response to Covid-19. The increases to car parking charges approved as part of the budget process in February 2020 were deferred until September 2020. The revised budget assumed that income from car parking for the year would be around £1,680,000 lower than the original budget. Income from car park fees, permits and excess charges was £51,000 lower than the revised budget reflecting falls in demand as a result of the third national lockdown in Q4.

Ubico worked with the Council's commissioning team and the Cabinet Member for Environmental Services to deliver the Council's priority services during the Covid-19 pandemic. As a result, the Council's green waste collection service was suspended during the period from late March to mid-May. The Council therefore decided to maintain the fee for the service at £30 for the year rather than increase to £35 as per the Council decision in February 2020. This resulted in the income budget being reduced by £79,000 as part of the revised budget process. At the end of the financial year £59,000 more income has been received in respect of green waste annual subscriptions in comparison to the revised budget as a result of higher take up than anticipated.

The investment portfolio has a mixture of investments. Long term pooled funds, which deliver market returns and carry a higher level of risk as well as cash and money market funds, which ensure an element of the portfolio is liquid. Interest received in respect of investments includes a £114,000 variance to budget due to the ongoing impact of the pandemic on global financial markets.

Expenditure

The majority of the Council's staffing resource is supplied under contract from Publica. The Publica net contract sum for 2020/21 was £8,757,790, excluding contribution to the Service Modernisation programme. Publica invoice the Council according to its agreed contract sum for the first 11-months of the year, with reconciliation to the actual cost of the contract at the end of the year.

At the year end, Publica had generated a surplus of contributions from its Members arising from delivery of budgeted and additional one-off savings. After adjustments in respect of balances due to or from its Members, the Council is due to receive a refund of excess contribution from Publica of £74,226.

The Council's Environmental Services (grounds maintenance, domestic waste collection, recycling collections, etc.) are provided by Ubico Ltd. The Ubico Ltd. contract costs for 2020/21 were underspent by £386,525 (excluding unavoidable additional cost incurred as a result of Covid-19). This is due to savings in fuel costs as prices deflated and savings in vehicle repairs because of utilising new vehicles or very old vehicles, which are soon to be replaced and therefore receive minimal repairs.

Expenditure related directly to the impact of Covid-19, and funded from the Government Covid-19 grant, has exceeded the revised budget by £459,992. The largest impact is from Ubico. As Ubico is a wholly local Authority owned company, the Council pays for the actual cost of service delivery. Due to a combination of additional waste being presented by households for collection during the Lockdown periods and Ubico needing to protect its own employees in response to Covid-19 health and safety requirements, Ubico incurred unavoidable additional costs. These costs including agency staff, hire vehicles and personal protective equipment have amounted to £554,431. Grants and contributions reduced net expenditure to a overspend of £300,000 at the end of the year.

Leisure and museum services operated by an external contractor, SLM, closed from late March to early August, and have been subject to social distancing and additional health and safety requirements, which reduce capacity. SLM have been unable to generate sufficient income to break even. The centres re-opened on 1 August 2020, but were required to close down again in line with the government announcement of a second lockdown between 5 November and 2 December 2020. Facilities were re-opened in the lead up to Christmas but as Gloucestershire moved into Tier 4 on 31 December 2020, all leisure facilities were closed from this date to April 2021. The Council has worked with SLM to manage the financial impact of Covid-19. The revised profiled budget set in September 2020 included estimated expenditure of £800,180 for the year. £515,658 was paid to SLM under open book accounting arrangements, resulting in an underspend against the revised budget of £284,522.

Covid-19 Support Grants

The Council received a range of grants from Central Government in 2020/21 in response to the Covid-19 pandemic; these included funding to support the Council's cost of services or to offset income losses. They also funded grant packages to be paid out to support local businesses.

Where the Council is administering grants on behalf of Central Government to local businesses we are acting as an agent and therefore these transactions are not included in our financial statements. At the year-end £6.046 million remained unspent for such schemes, which sits as a Creditor on our Balance Sheet (note D6). Once all rounds of Local Restrictions payments are closed, there will be a reconciliation and any funds remaining will be returned to Central Government.

Where the Council is acting as a principal in the administration of grants i.e. the Council has control and sets the eligibility criteria for the grant to be paid out, these transactions are recognised in our financial statements. At the year-end £0.398 million of funding for such schemes is yet to be spent and this is available for use in 2021/22.

	Council as Agent	**Council as Principal**
Grant Funding at 31 March 2021	**£**	**£**
Small Business Grants Fund/Retail, Hospitality and Leisure	35,720,000	0
Local Authority Discretionary Fund	0	1,686,203
Local Restrictions Closed and Addendum	13,552,198	0
Closed Business Lockdown (One off Payment)	9,306,000	0

Christmas Support Payments (Wet Led Pubs)	83,200	0
Local Restrictions Open		1,213,400
Additional Restrictions Grant		2,595,489
Test and Trace (Mandatory)	64,000	
TOTAL	58,725,398	5,495,092
Distributed at 31 March 2021	52,679,497	5,096,786
Remainder	6,045,901	398,306

Pensions Liability

The pension liability as at 31 March 2021 was £46.258m (£40.05m as at 31 March 2020). Whilst a significant sum, this is the net value of what the Council owes across all future years offset against assets invested in the Local Government Pension Scheme.

The Council's share of pension fund assets increased by £22.037m however, the overall net liability has increased by £6.211m due to a significant increase in the pension fund liabilities of £28.248m.

The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has reduced, it has led to a decreased discount rate, which in turn has a negative effect on pension scheme liabilities. The fund is revalued and contribution rates set every three years. The most recent valuation was 31 March 2019.

Publica and the Council continue to contribute to cover liabilities accruing for current members of the scheme (primary contributions) and secondary contributions (annual lump sum) are paid directly by the Council to fund the deficit. A lump sum contribution to the pension fund of £3.268m was made in 2020/21 to cover the period to 31 March 2023 resulting in a revenue saving of £184,000 per annum. The lump sum payment provides capacity in the revenue budget to top up the General Fund Balance by £1.634m in each of the next two financial years.

Capital Programme (Asset Management)

In 2020/21, the Council spent £3.215m against a budget of £11.063m on:

Capital Programme	**£'000**
Disabled Facilities Grants (DFGs)	461
IT Equipment and Infrastructure	94
Community Grants Funded Projects	67
Ubico Fleet Replacement and In-Cab technology	1,828
Waste and Recycling Containers	55
Corinium Museum "Stone Age to Corinium" Project	260
Electric vehicle charging points	31
Cirencester Parking Project	319
Webcasting and Audio Visual Investment	80
Other Minor Schemes	20
	3,215

Significant expenditure included £1.828m acquisition of recycling and food waste vehicles as part of the waste services review, £0.319m in respect of car parking at Cirencester Rugby Club and £0.260m in respect of redesign and refurbishment programme at the Corinium Museum.

Not all schemes planned for the year were undertaken including:

- Investment in Strategic Property Acquisition – budget of £4.3m; discussions with landowner are ongoing but have been delayed due to current economic situation.
- Acquisition of Strategic Site – Moreton in Marsh budget of £0.980m; this site acquisition will no longer go ahead and £120,000 of this funding has been reallocated to provide a contingency sum for decarbonisation project work on Council owned property. The balance of the budget will become available to fund future capital projects.
- Electric vehicles charging points – budget of £0.600m, two charging points have been installed at the new Whiteway car park. The project will continue in 2020/21.

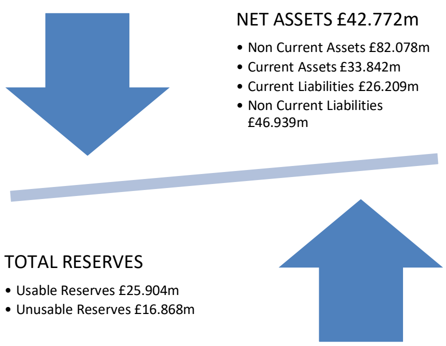
There is committed expenditure in relation to the projects listed of £1.072m and Capital Programme budgets have been carried forward in to 2021/22 to fund ongoing projects.

Reserves and Balances

At the year-end usable reserves stood at £25.903 million, an increase of £3.594 million during the year. Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' were £0.894 million.

Financial Position

Net assets decreased in the year by £17,814,691.



Significant movements were:
- £11.042m downward valuation of Property, Plant & Equipment
- £0.974m increase in non-current debtors
- £8.031m decrease in current investments
- £14.902m increase in debtors
- £5.682m increase in cash and cash equivalent
- £16.381m increase in creditors
- £6.211m increase in pension liability
- £3.581m decrease in general fund balance due to lump sum contribution to pension fund
- £8.7m increase in earmarked reserves

Operational Performance and Efficiency

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

The majority of staff have worked from home throughout the year and although some services have accessed additional resource to help manage workloads, overall performance has been affected by the significant impact of Covid-19. Some services such as housing, planning, land charges and customer services have experienced higher workloads to meet customer demand and other services such as food safety and planning have had to find new ways of working or have been severely restricted in the way the service can be delivered creating backlogs of work. In addition, many services including revenues and benefits and community well-being have not just been doing their 'day job'; they have been supporting communities and businesses through the pandemic with the help of ICT and finance working in the background, as well as delivering the Council's priorities. Despite the challenges of Covid-19 and impact on resources and delivery of services, some notable performance includes:

- The combined recycling for the year was just slightly lower than in 2019/20 despite the green waste service being suspended in the early part of the financial year.
- The housing team has worked hard to manage the number of households in emergency accommodation; the team created exit plans to move households into more secure tenancies including private rented, housing association, and supported accommodation.
- The land charges team processed 1,482 official searches in 2020-21, a 20% increase on the previous year, and nearly 95% were processed within 10 working days.

Nine indicators fell short of their annual targets; two in Customer Services; four in Revenues and Benefits; one in Housing Support; one in Environmental and Regulatory and one in Waste Service:

<u>Customer Services</u>
- Percentage of calls responded within 20 seconds
- Percentage of abandoned calls

<u>Revenues and Benefits</u>
- Council Tax collection rate
- NNDR collection rate
- Average days to process HB new claims
- Average days to process HB change events
- Percentage of housing benefit overpayment due to LA error/Admin delay

<u>Housing Support</u>
- Households in emergency accommodation over 28 days

<u>Environment and Regulatory</u>
- Percentage of high risk food premises inspected within time

<u>Waste Services</u>
- Missed bins per 100,000

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

Risk Management

The Corporate Risk Register was updated during 2020/21 and reviewed by the Senior Management Team, which comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary risk'.

At the end of 2020/21, there were two primary risks on the register:

- Legislative changes – principally around additional Covid-19 responsibilities. If the Government imposes legislative changes that are not expected then it could have an impact on the Council's finances and other resources.

The Council continues to respond to the Government requirements of local authorities to implement initiatives related to Covid-19. The Government has provided some funding for additional costs and lost income and the Council has profiled budgets accordingly based on financial risks associated with the pandemic, a revised budget was approved in September 2020 and the new budget agreed in February 2021.

- Ubico delivery risk and budget impact – high volumes continue to put pressure on delivery and budget. If Ubico is unable to deliver services to the required standard or to budget then it could damage the Council's reputation and result in additional costs for the Council.

  Waste and recycling volumes have remained approximately 20% higher and so additional vehicles and resources are still required and in place. The need for additional personal protective equipment is also still in place for Ubico to protect its staff from Covid-19. The Council has provided additional funding in 2020/21 and 2021/22 budgets accordingly. Ongoing budget implications will be included within the MTFS Update and budget for 2022/23.

Facing the Challenges Ahead

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

There are some significant risks to the Council from changes to Government funding and the impact of the Covid-19 pandemic. The Council has been planning for these changes and has approved a Recovery Investment Strategy to respond to potential reductions in Government funding with the aim of investing in the Council's priorities of climate change, social housing provision and economic development and generating new income streams.

The Strategy will require capital investment and the Capital Programme has been updated to include provision for the investment partially funded through grants from third parties. The strategy will also require the Council to borrow for the first time since 1997. The MTFS reflects the financial implications of the borrowing plans set out in the Capital Strategy. All new capital investment will be subject to governance arrangements set out in the approved Recovery Investment Strategy and the due diligence requirements set out in the Capital Strategy.

This investment is for service provision rather than investment to generate income to the Council. As such, the Council should be able to access borrowing from the Public Works Loans Board. The Council is required to provide for the eventual repayment of debt from revenue. The Council's Recovery Investment Strategy sets out the return on investment which new investments will be required to meet to fund both the revenue cost of the investment and to provide additional income to the Council.

Deficits are forecast in 2022/23 and 2023/24 reflecting the impact of reduced funding from the Government from the MHCLG Fairer Funding Review expected in 2022/23 and the slightly later delivery of some savings through the Council's Recovery Investment Strategy which are expected in 2023/24 and 2024/25. The Council plans to manage these budget deficits through application of the General Fund Balance.

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.

The major risks looking forward are in respect of the impact of the Covid-19 pandemic in 2021/22, although the budget provides for some impact; and further changes to Government funding post 2022/23. Contingencies of £377,000 (for expenditure pressures) and £500,000 (lost income) has been included in the 2021/22 budget to allow for impact of Covid-19 pandemic.

Further information

For further information on the accounts please contact: Jenny Poole, Chief Finance Officer, Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX; or via email at Jenny.Poole@Cotswold.gov.uk.

J Poole

Jenny Poole CPFA
Chief Finance Officer

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 2021. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, 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 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 2021.

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 2021.

J Poole

Date: 5 April 2022

Jenny Poole
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 Committee, on behalf of Cotswold District Council.

Patrick CB Coleman

Date: 5 April 2022

Cllr. Patrick Coleman
Chairman of the Audit Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

2019/20 Gross Expenditure £	2019/20 Gross Income £	2019/20 Net Expenditure £		Note	2020/21 Gross Expenditure £	2020/21 Gross Income £	2020/21 Net Expenditure £
			Joint Committee/ Shared Services				
1,184,257	(535,276)	648,981	Environmental and Regulatory Services		1,095,422	(474,611)	620,811
2,632,529	(1,214,411)	1,418,118	Business Support Services		2,240,015	(1,135,547)	1,104,468
2,200,573	(149,819)	2,050,754	ICT, Change and Customer Services		2,016,349	(87,879)	1,928,470
1,644,316	(758,757)	885,559	Land, Legal and Property Services		1,609,021	(842,309)	766,712
192,387	0	192,387	Chief Executive and Modernisation Costs		210,264	0	210,264
15,976,534	(15,463,064)	513,470	Revenues and Housing Support Services		15,736,064	(14,975,290)	760,774
0	0	0	Revenues - Covid Grants		5,119,036	(5,494,822)	(375,786)
			Strategic Directors				
1,846,821	(475,010)	1,371,811	Democratic Services		1,157,901	(106,765)	1,051,136
9,475,332	(4,457,131)	5,018,201	Environmental Services		9,125,334	(3,370,220)	5,755,114
2,014,817	(952,276)	1,062,541	Leisure and Communities Services		2,282,953	(542,763)	1,740,190
2,812,956	(1,070,484)	1,742,472	Planning and Strategic Housing Services		3,799,655	(2,211,851)	1,587,804
1,250,338	(468,544)	781,794	Retained and Corporate Council Services		1,369,620	(442,998)	926,622
0	0	0	Retained and Corporate Council Services - Covid		810,255	(534,250)	276,005
41,230,860	**(25,544,772)**	**15,686,088**	**Cost of Services**		**46,571,889**	**(30,219,305)**	**16,352,584**
3,173,229	(624,329)	2,548,900	Other Operating Expenditure	*B3*	3,374,599	(30,042)	3,344,557
2,937,942	(1,421,520)	1,516,422	Financing and Investment Income and Expenditure	*B4*	1,394,401	(2,139,443)	(745,042)
0	(16,552,538)	(16,552,538)	Taxation and Non-Specific Grant Income	*B5*	0	(19,350,432)	(19,350,432)
47,342,031	**(44,143,159)**	**3,198,872**	**(Surplus) / Deficit on Provision of Services**	*B1/B2*	**51,340,889**	**(51,739,222)**	**(398,333)**
		(3,259,185)	(Surplus) / deficit on revaluation of non current assets				8,391,474
		20,000	(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				(50,000)
		0	Reclassification of Asset				188,550
		(8,380,000)	Remeasurement of the net defined benefit liability				9,683,000
		(11,619,185)	**Other Comprehensive Income and Expenditure**				**18,213,024**
		(8,420,313)	**Total Comprehensive Income and Expenditure**				**17,814,691**

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 2019		**(4,910,148)**	**(8,308,574)**	**(14,611,757)**	**(59,749)**	**(27,890,228)**	**(24,276,608)**	**(52,166,836)**
Movements in reserves 2019/20		(230,258)	230,258	0	0	0	0	**0**
Total Comprehensive Income and Expenditure		3,198,872	0	0	0	3,198,872	(11,619,185)	**(8,420,313)**
Adjustments between accounting basis & funding basis under regulations	*C1*	(2,533,724)	266,738	4,663,061	(13,930)	2,382,145	(2,382,145)	**0**
(Increase) / Decrease in Reserves 2019/20		**434,890**	**496,996**	**4,663,061**	**(13,930)**	**5,581,017**	**(14,001,330)**	**(8,420,313)**
Balance at 31 March 2020		**(4,475,258)**	**(7,811,578)**	**(9,948,696)**	**(73,679)**	**(22,309,211)**	**(38,277,940)**	**(60,587,149)**
Movements in reserves 2020/21		8,740,224	(8,740,224)	0	0	0	0	**0**
Total Comprehensive Income and Expenditure		(398,333)	0	0	0	(398,333)	18,213,024	**17,814,691**
Adjustments between accounting basis & funding basis under regulations	*C1*	(4,761,246)	0	1,752,368	(187,082)	(3,195,961)	3,195,961	**0**
(Increase) / Decrease in Reserves 2020/21		**3,580,645**	**(8,740,224)**	**1,752,368**	**(187,082)**	**(3,594,294)**	**21,408,985**	**17,814,691**
Balance at 31 March 2021		**(894,613)**	**(16,551,802)**	**(8,196,328)**	**(260,761)**	**(25,903,505)**	**(16,868,955)**	**(42,772,458)**

Balance Sheet

31 March 2020 £		Note	31 March 2021 £
69,255,240	Property, Plant & Equipment	*D1*	59,780,480
17,000	Heritage Assets		17,000
6,571,000	Investment Property	*D2*	6,217,500
75,932	Intangible Assets	*D3*	56,379
10,123,768	Non-Current Investments	*E2*	11,062,288
3,971,377	Non-Current Debtors	*D4*	4,944,976
90,014,317	**Non-Current Assets**		**82,078,623**
9,175,814	Investments	*E2*	1,144,649
15,198	Inventories		26,488
6,399,067	Debtors	*D5*	21,301,423
5,688,585	Cash and Cash Equivalents	*E2*	11,370,358
21,278,664	**Current Assets**		**33,842,918**
(231,393)	Cash and Cash Equivalents	*E2*	(133,990)
(6,803,710)	Creditors	*D6*	(23,184,280)
(2,178,811)	Creditors - s.106 balances	*D6*	(1,773,391)
(1,052,314)	Provisions	*D7*	(1,118,220)
(10,266,228)	**Current Liabilities**		**(26,209,881)**
(40,047,000)	Other Non-Current Liabilities	*E1*	(46,258,000)
(62,936)	Finance Lease Liabilities	*E4*	(62,936)
(329,668)	Capital Grants Receipts in Advance	*B8*	(618,264)
(40,439,604)	**Non-Current Liabilities**		**(46,939,200)**
60,587,149	**Net Assets**		**42,772,460**
(22,309,211)	Usable reserves	*C2*	(25,903,505)
(38,277,940)	Unusable Reserves	*C3*	(16,868,955)
(60,587,151)	**Total Reserves**		**(42,772,460)**

These financial statements were certified by the Chief Finance Officer on 5 April 2022.

Jenny Poole
Chief Finance Officer

Cash Flow Statement

	Note	2019/20 £	2020/21 £
Net surplus or (deficit) on provision of services		(3,198,872)	398,333
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	*F1*	3,245,777	(269,536)
Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	*F2*	(4,203,996)	(1,401,000)
Net cash flows from Operating Activites		**(4,157,091)**	**(1,272,203)**
Investing Activities	*F3*	2,625,802	7,027,794
Financing Activities	*F4*	(23,429)	23,585
Net increase or (decrease) in cash and cash equivalents		**(1,554,718)**	**5,779,176**
Cash and cash equivalents at 1 April		7,011,910	5,457,192
Cash and cash equivalents at 31 March		**5,457,192**	**11,236,368**
Comprising:			
Cash and bank current accounts		(229,811)	(131,980)
Money Market Funds		5,591,145	1,590,000
Short Term Deposits (Call Accounts)		95,858	9,778,348
		5,457,192	**11,236,368**

B1. Expenditure and Funding Analysis

	2020/21					
	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. £	£
Joint Committee						
Environmental and Regulatory Services	620,811	(113,534)	0	507,277	32,084	539,361
Business Support Services	1,104,468	(161,211)	0	943,257	17,515	960,772
ICT, Change and Customer Services	1,928,470	(152,611)	0	1,775,859	28,751	1,804,610
Land, Legal and Property Services	766,712	(190,592)	0	576,120	118,659	694,779
Chief Executive and Modernisation Costs	210,264	(8,832)	0	201,432	1,485	202,917
Revenues and Housing Support Services	760,774	(97,451)	0	663,323	(9,117)	654,206
Revenues - Covid Grants	(375,786)	0	0	(375,786)	0	(375,786)
Strategic Directors						
Democratic Services	1,051,136	(72,274)	0	978,862	30,480	1,009,342
Environmental Services	5,755,114	(870,568)	0	4,884,546	509,607	5,394,153
Leisure and Communities Services	1,740,190	(710,309)	0	1,029,881	600,673	1,630,554
Planning and Strategic Housing Services	1,587,804	(249,004)	0	1,338,800	50,459	1,389,259
Retained and Corporate Council Services	926,622	5,164,675	0	6,091,297	(1,070,497)	5,020,800
Retained and Corporate Council Services - Covid	276,005	0	0	276,005	0	276,005
Cost of Services	**16,352,584**	**2,538,290**	**0**	**18,890,874**	**310,099**	**19,200,973**
Other Income and Expenditure	(16,750,917)	(7,299,537)	8,740,224	(15,310,230)	(310,099)	(15,620,329)
(Surplus) / Deficit on Provision of Services	**(398,333)**	**(4,761,247)**	**8,740,224**	**3,580,644**	**0**	**3,580,644**
Budgeted Transfer from General Fund - Contribution to Glos LGPS						(3,601,000)
Surplus reported to Management						**(20,356)**
Opening General Fund Balance (Unallocated) at 1 April				(4,475,258)		
(Surplus) / Deficit for the year				3,580,644		
Closing General Fund Balance (Unallocated) at 31 March				**(894,614)**		

	2019/20					
	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 £**
Joint Committee						
Environmental and Regulatory Services	648,981	(193,572)	0	455,409	32,261	487,670
GO Shared Services	1,418,118	(353,720)	0	1,064,398	17,612	1,082,010
ICT, Change and Customer Services	2,050,754	(285,921)	0	1,764,833	26,806	1,791,639
Land, Legal and Property Services	885,559	(210,702)	0	674,857	98,543	773,400
Chief Executive and Modernisation Costs	192,387	(15,705)	0	176,682	1,493	178,175
Revenues and Housing Support Services	513,470	(258,558)	0	254,912	24,768	279,680
Strategic Directors						
Democratic Services	1,371,811	(140,101)	0	1,231,710	30,518	1,262,228
Environmental Services	5,018,201	(514,794)	0	4,503,407	440,852	4,944,259
Leisure and Communities Services	1,062,541	(311,710)	0	750,831	185,722	936,553
Planning and Strategic Housing Services	1,742,472	(419,627)	0	1,322,845	44,547	1,367,392
Retained and Corporate Council Services	781,794	1,796,777	(230,258)	2,348,313	(1,638,584)	709,729
Cost of Services	**15,686,088**	**(907,633)**	**(230,258)**	**14,548,197**	**(735,462)**	**13,812,735**
Other Income and Expenditure	(12,487,216)	(1,626,091)	0	(14,113,307)	735,462	(13,377,845)
(Surplus) / Deficit on Provision of Services	**3,198,872**	**(2,533,724)**	**(230,258)**	**434,890**	**0**	**434,890**
Opening General Fund Balance (Unallocated) at 1 April				(4,910,148)		
(Surplus) / Deficit for the year				434,890		
Closing General Fund Balance (Unallocated) at 31 March				**(4,475,258)**		

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:

	2020/21						
	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	(32,084)	(81,450)	0	(113,534)	32,084	0	32,084
Business Support Services	(17,515)	(143,695)	0	(161,211)	17,515	0	17,515
ICT, Change and Customer Services	(28,751)	(123,860)	0	(152,611)	28,751	0	28,751
Land, Legal and Property Services	(118,659)	(71,933)	0	(190,592)	118,659	0	118,659
Chief Executive and Modernisation Costs	(1,485)	(7,347)	0	(8,832)	1,485	0	1,485
Revenues and Housing Support Services	(24,632)	(72,819)	0	(97,451)	24,632	(33,749)	(9,117)
Revenues - Covid Grants	0	0	0	0	0	0	0
Strategic Directors							
Democratic Services	(30,480)	(41,794)	0	(72,274)	30,480	0	30,480
Environmental Services	(828,570)	(41,998)	0	(870,568)	509,607	0	509,607
Leisure and Communities Services	(668,147)	(42,162)	0	(710,309)	600,673	0	600,673
Planning and Strategic Housing Services	(50,459)	(198,545)	0	(249,004)	50,459	0	50,459
Retained and Corporate Council Services	(2,927)	5,167,602	0	5,164,675	2,827	(1,073,324)	(1,070,497)
Retained and Corporate Council Services - Covid	0	0	0	0	0	0	0
Cost of Services	**(1,803,710)**	**4,342,000**	**0**	**2,538,290**	**1,417,172**	**(1,107,073)**	**310,099**
Other Income and Expenditure	189,036	(870,000)	(6,618,573)	(7,299,537)	(1,417,172)	1,107,073	(310,099)
(Surplus) / Deficit on Provision of Services	**(1,614,674)**	**3,472,000**	**(6,618,573)**	**(4,761,247)**	**0**	**0**	**0**

	2019/20						
	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	(32,261)	(161,311)	0	(193,572)	32,261	0	32,261
GO Shared Services	(17,612)	(336,108)	0	(353,720)	17,612	0	17,612
ICT, Change and Customer Services	(26,806)	(259,115)	0	(285,921)	26,806	0	26,806
Land, Legal and Property Services	(98,543)	(112,159)	0	(210,702)	98,543	0	98,543
Chief Executive and Modernisation Costs	(1,493)	(14,212)	0	(15,705)	1,493	0	1,493
Revenues and Housing Support Services	(117,653)	(140,905)	0	(258,558)	24,768		24,768
Strategic Directors							
Democratic Services	(30,518)	(109,583)	0	(140,101)	30,518	0	30,518
Environmental Services	(454,590)	(60,204)	0	(514,794)	440,852	0	440,852
Leisure and Communities Services	(227,217)	(84,493)	0	(311,710)	892,813	(707,091)	185,722
Planning and Strategic Housing Services	(44,547)	(375,080)	0	(419,627)	44,547	0	44,547
Retained and Corporate Council Services	(111,393)	1,908,170	0	1,796,777	(1,638,584)	0	(1,638,584)
Cost of Services	**(1,162,633)**	**255,000**	**0**	**(907,633)**	**(28,371)**	**(707,091)**	**(735,462)**
Other Income and Expenditure	409,742	(1,141,000)	(894,833)	(1,626,091)	28,371	707,091	735,462
(Surplus) / Deficit on Provision of Services	**(752,891)**	**(886,000)**	**(894,833)**	**(2,533,724)**	**0**	**0**	**0**

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

	2019/20 £	2020/21 £
Expenditure		
Employee benefits expenses	3,010,202	2,138,961
Publica Contract Charge	9,263,086	9,459,160
Housing Benefit & other transfer payments	13,971,454	13,560,399
Covid Business Grants Paid	0	5,096,786
Other service expenses	12,623,760	14,206,516
Depreciation, amortisation and impairment	1,641,427	1,433,532
Interest payments and similar expense	1,144,361	870,000
Precepts and Levies	3,173,229	3,374,599
Other expenditure	2,514,512	1,200,934
Total Expenditure	**47,342,031**	**51,340,887**
Income		
Fees, charges & other service income	(8,263,622)	(6,976,527)
Housing Benefit Subsidy	(13,738,038)	(13,127,159)
Covid Business Grants	0	(5,494,822)
Other Government Grants	(8,154,368)	(17,833,971)
Income from Council Tax	(8,486,763)	(8,900,806)
Income from Non Domestic Rates	(1,554,999)	6,324,848
Non Government Grants & Contributions	(1,902,685)	(3,564,391)
Investment interest and similar income	(1,418,355)	(1,244,840)
Other income	(624,329)	(921,553)
Total Income	**(44,143,159)**	**(51,739,221)**
(Surplus) / Deficit on Provision of Services	**3,198,872**	**(398,333)**

B3. Other Operating Income & Expenditure

	2019/20 £	2020/21 £
(Gains) / losses on disposal of non current assets	(32,709)	(30,042)
Unattached capital receipts	(591,620)	0
Town and Parish Council precepts	3,173,229	3,374,599
	2,548,900	**3,344,557**

B4. Financing and Investment Income and Expenditure

	2019/20 £	2020/21 £
Interest payable and similar charges	3,361	0
Interest receivable and similar income	(667,274)	(527,464)
Changes in fair value of financial assets	1,144,396	(891,511)
Loss on de-recognition of financial assets	5,721	0
Movement in impairment allowance for doubtful debts	(3,165)	51,259
Movement in the fair value of investment property	441,020	353,500
Net investment property (income) / expenditure	(548,637)	(600,826)
Net interest on the net defined benefit pension liability	1,141,000	870,000
	1,516,422	**(745,042)**

B5. Taxation and Non Specific Grant Income

	2019/20 £	2020/21 £
National Non Domestic Rates		
- Redistribution	(1,874,300)	(2,035,436)
- Safety Net Levy	593,143	860,825
- (Surplus) / Deficit	(273,842)	7,499,459
	(1,554,999)	6,324,848
Council Tax income	(8,486,763)	(8,900,806)
Non-ringfenced government grants	(6,510,776)	(16,774,473)
	(16,552,538)	**(19,350,431)**

B6. Members' Allowances

	2019/20 £	2020/21 £
Allowances	283,675	298,441
Expenses	15,080	172
	298,755	**298,613**

B7. External Audit Costs

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

	2019/20 £	2020/21 £
Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year:		
Scale Fee	34,557	34,557
Increases to Scale Fee	0	22,750
Fees payable to external auditor for the certification of grants claims and returns for the year	6,750	6,750
Additional fees payable relating to 2019/20 Audit	0	15,868
	41,307	**79,925**

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.

Additional fees in respect of both the 2019/20 and 2020/21 audit have been recognised as expenditure in 2020/21 and are disclosed above. The increased fees reflect additional work required to comply with FRC requirements in respect of property, plant and equipment and pensions, increased audit requirements as a result of revised auditing standards and additional work on Value for Money (VFM) under new NAO code.

The Council has also paid £6,750 to KPMG in respect of grant claim certification.

B8. Grant Income

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

	2019/20 £	2020/21 £
Revenue grants credited to Cost of Services		
Housing Benefit Subsidy	13,738,038	12,966,284
Housing Benefit and Council Tax Administration Subsidy	216,106	227,518
Covid Business Grants Funding	0	5,494,822
Contain Outbreak Management Fund	0	200,000
Test and Trace Grant Funding	0	137,766
Preventing Homelessness	0	88,088
National Leisure Recovery Fund	0	89,602
Compliance and Enforcement	0	34,218
	13,954,144	**19,238,298**
Grants credited to Taxation and Non Specific Grant Income		
New Homes Bonus	3,254,793	3,169,266
Section 31 NNDR Compensation	2,610,572	9,694,715
Local Government Income Compensation Scheme for Lost Sales, Fees and Charges	0	1,487,750
Covid-19 LA Support Grant	0	1,129,100
Rural Services Delivery Grant	602,434	602,434
New Burdens	8,103	503,612
Other revenue grants	20,944	1,165
Other capital grants	13,930	186,431
	6,510,776	**16,774,473**
Capital grants credited to Cost of Services in the Comprehensive Income and Expenditure Statement		
Better Care Fund (Disabled Facilities Grants)	749,593	460,997
S.106 Receipts	128,374	1,071,070
Other capital grants	56,339	110,532
	934,306	**1,642,599**

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:

	2019/20 £	2020/21 £
Environment Agency Grant [for specific Land drainage works]	(48,425)	(48,425)
Flood Defence Grants	(33,780)	(33,780)
SHI Loans	(140,565)	(140,565)
Better Care Fund (Disabled Facilities Grants)	(103,839)	(392,435)
Other Grants Receipts in Advance	(3,059)	(3,059)
	(329,668)	**(618,264)**

B9. Officer Remuneration

Senior Officer Remuneration

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

Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
	2020/21				
Chief Executive (from 4 January 2021)	24,194	4,887	0	0	29,081
Deputy Chief Executive and Chief Finance Officer [1]	82,142	16,593	0	0	98,735
Monitoring Officer [2] (until 31 July 2020)	37,865	5,888	64,412	93,015	201,180
Interim Head of Legal and Monitoring Officer (from 31 August 2020)	52,742	0	0	0	52,742
Head of Paid Service (until 30 June 2020) [3]	25,852	4,344	62,840	139,763	232,799
	222,795	**31,712**	**127,252**	**232,778**	**614,537**

Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
	2019/20				
Chief Finance Officer [1]	79,130	12,846	0	0	91,976
Monitoring Officer [2]	84,490	12,865	0	0	97,355
Head of Paid Service	78,810	12,846	0	0	91,656
	242,430	**38,557**	**0**	**0**	**280,987**

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

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

[1] As required under s.151 of the Local Government Act 1972, the Council employs a Chief Financial Officer. These duties are undertaken by the Deputy Chief Executive whose role as S151 Officer was shared with West Oxfordshire District Council during 2019/20 and until the 6th June 2020. The figures shown above represent the full salary, allowances and pension costs incurred by Cotswold District Council as the employing Authority for the year.

[2] The statutory responsibility of Monitoring Officer was fulfilled by the Group Manager Legal Services; this post was shared with Forest of Dean and West Oxfordshire District Councils. The figures shown above represent the full salary, allowances and pension costs incurred by Cotswold District Council as the employing Authority for the year including compensation and pension strain costs for loss of employment.

[3] The Head of Paid Service left the employment of the Council on the 30th June 2020. The figures above represent the full salary and allowances incurred by Cotswold District Council for the period 1 April 2020 to 30 June 2020. The compensation payment for loss of office and additional pension strain costs paid as disclosed in note B10 are also disclosed. Between the 1st August 2020 and 3rd January 2021 the Publica Executive Director of Commissioning fulfilled the role of the Interim Head of Paid Service at an additional contract cost payable to Publica Ltd of £8,567.

Other Officer Remuneration

The number of employees whose remuneration (excluding employers' contributions in respect of National Insurance Contributions and Superannuation Contributions) exceeded £50,000 during the year is listed in the table below. This table includes all officers (including Senior Officers) employed by the Council.

	2019/20	2020/21
	No. of Officers including Severance or Other Related Payments'	
£50,000 to £54,999	1	1
£55,000 to £59,999	1	1
£75,000 to £79,999	2	0
£80,000 to £84,999	1	1
£190,000 to £194,999	0	1 [1]
£225,000 to £229,999	0	1 [1]
Total	**5**	**5**

[1] Includes exit package costs including pension strain disclosed below.

B10. Termination Benefits

The Authority terminated the contracts of two employees in 2020/21, incurring liabilities of £359,634 (£0 in 2019/20). Of this total, £126,856 is payable in the form of compensation for loss of office and £232,778 in enhanced pension benefits.

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

	2019/20		2020/21	
	No. of packages	£	No. of packages	£
Severance Payments	0	0	2	126,856
Pension Strain Costs	0	0	2	232,778
		0		**359,634**

Exit Packages

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

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

Exit Package Cost band (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	1	0	0	0	157,031
£201,001 - £250,000	0	0	0	1	0	1	0	202,603
Total	**0**	**0**	**0**	**2**	**0**	**1**	**0**	**359,634**

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2020/21			
	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	(1,433,532)			
Revaluation losses on Property, Plant and Equipment	0			
Movements in the fair value of Investment Properties	(353,500)			
Capital Grants and Contributions applied	585,910			
Revenue Expenditure funded from Capital Under Statute	(847,434)			
Non current assets written off on disposal or sale	(1,828,507)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	1,828,407			
Capital expenditure charged against General Fund Balance	247,550			
Capital Grants and contributions credited to CIES	186,431			(187,082)
Unattached Capital Receipts	30,142		(30,142)	
Capital Grants Repaid				
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			2,382,371	
Transfer from Deferred Capital Receipts on receipt of cash				
Write down of long term debtor on receipt of loan principal			(599,861)	
Increase of long term debtor on advance of new loan principal			0	
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	891,511			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	0			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	3,472,000			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(7,540,225)			
	(4,761,246)	**0**	**1,752,368**	**(187,082)**

	2019/20			
	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	(1,641,427)			
Revaluation losses on Property, Plant and Equipment	(108,550)			
Movements in the fair value of Investment Properties	(441,020)			
Capital Grants and Contributions applied	1,480,613			
Revenue Expenditure funded from Capital Under Statute	(814,826)			
Non current assets written off on disposal or sale	(2,891,355)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	2,891,355			
Capital expenditure charged against General Fund Balance	273,585	266,738		
Unattached Capital Receipts	591,620		(591,620)	
Capital Grants Repaid	(92,885)			
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			5,678,622	
Transfer from Deferred Capital Receipts on receipt of cash				(13,930)
Write down of long term debtor on receipt of loan principal			(423,941)	
Increase of long term debtor on advance of new loan principal			0	
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	(1,144,396)			
Reversal of gains / losses to Pooled Investment Fund Adjustment Account on derecognition	994			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(886,000)			
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	248,568			
	(2,533,724)	**266,738**	**4,663,061**	**(13,930)**

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 2020 £	Transfers between £	Transfers Out £	Transfers in £	31 March 2021 £
Council Priorities Fund	(4,044,844)	(825,117)	330,337	(407,409)	**(4,947,033)**
Community-Led Housing	(857,099)	0	29,535	0	**(827,564)**
Business Rates Smoothing reserve	(588,099)	400,000		(7,438,063)	**(7,626,162)**
New Burdens Grant	0	0	0	(475,300)	**(475,300)**
Additional Restrictions Grant	0	0	0	(396,306)	**(396,306)**
Covid related	0	0	0	(495,711)	**(495,711)**
Other earmarked reserves	(2,321,536)	425,117	485,688	(372,996)	**(1,783,727)**
	(7,811,578)	**0**	**845,560**	**(9,585,785)**	**(16,551,803)**

C3. Unusable Reserves

Summary of Unusable Reserves

	31 March 2020 £	31 March 2021 £
Revaluation Reserve	(44,338,362)	(35,269,701)
Capital Adjustment Account	(31,605,026)	(30,846,273)
Pension Reserve	40,047,000	46,258,000
Deferred Capital Receipts Reserve	(4,396,140)	(5,624,685)
Collection Fund Adjustment Account	652,594	8,192,819
Pooled Investment Fund Adjustment Account	1,341,996	450,485
Financial Instruments Revaluation Reserve	20,000	(30,000)
	(38,277,938)	**(16,869,355)**

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.

	2019/20 £	**2020/21 £**
Opening Balance - 1 April	(41,774,575)	(44,338,362)
Upward revaluation of assets	(4,007,539)	(878,055)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	748,354	9,269,529
Other amounts written off to Capital Adjustment Account	50,419	0
Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	*(3,208,766)*	*8,391,474*
Difference between fair value and historic cost depreciation	644,979	677,188
Amount written off to the Capital Adjustment Account	*644,979*	*677,188*
Closing Balance - 31 March	**(44,338,362)**	**(35,269,701)**

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].

	2019/20 £	2020/21 £
Opening Balance - 1 April	(29,214,063)	(31,605,026)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non current assets	1,641,427	1,433,532
Revaluation losses on Property, Plant and Equipment	108,550	0
Revenue expenditure funded from capital under statute	814,826	1,036,233
Amounts of non-current assets written off on disposal or sale	2,891,355	1,828,507
	5,456,158	4,298,272
Adjusting amounts written out of the Revaluation Reserve		
Historical cost depreciation adjustment	(644,979)	(677,188)
Other amounts written off	(50,419)	0
	(695,398)	(677,188)
Adjustments between Capital & Revenue Resources		
Capital Grants Repaid	92,885	0
Net written out amount of the cost of non current assets consumed in year	**4,853,645**	**3,621,084**
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(5,678,622)	(2,382,371)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,466,683)	(585,910)
Use of General Fund Earmarked Reserves applied to capital financing	(266,738)	0
Capital expenditure charged against the General Fund Balance	(273,585)	(247,550)
	(7,685,628)	(3,215,831)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	441,020	353,500
Closing Balance - 31 March	**(31,605,026)**	**(30,846,273)**

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.

	2019/20 **£**	**2020/21** **£**
Opening Balance - 1 April	47,541,000	40,047,000
Return on plan assets	8,035,000	(16,952,000)
Remeasurement of the net defined benefit liability	(16,415,000)	26,635,000
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	3,877,000	3,005,000
Employers' pension contributions	(2,991,000)	(6,477,000)
Closing Balance - 31 March	**40,047,000**	**46,258,000**

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 2020 **£**	**1 March 2021** **£**
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(80,008)	(76,444)
Principal amounts on finance leases	(3,941,774)	(5,194,040)
Other deferred receipts	(342,858)	(322,701)
	(4,396,140)	**(5,624,685)**

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 2020 £	Transfers Out £	Transfers in £	31 March 2021 £
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	73,097	146,018		**219,115**
NNDR	588,098	7,407,612		**7,995,710**
NNDR - Renewal Energy Scheme	(8,601)		(13,405)	**(22,006)**
	652,594	**7,553,630**	**(13,405)**	**8,192,819**

Pooled Investment Fund Adjustment Account

	2019/20 £	2020/21 £
Opening Balance - 1 April	198,594	1,341,996
Changes in fair value of Pooled Investment Funds	1,144,396	(891,511)
Accumulated gains / (losses) written out on derecognition	(994)	0
Closing Balance - 31 March	**1,341,996**	**450,485**

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.

	2019/20 £	2020/21 £
Opening Balance - 1 April	0	20,000
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	20,000	(50,000)
Closing Balance - 31 March	**20,000**	**(30,000)**

D1. Property, Plant and Equipment

Movements in 2020/21	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 2020	62,234,028	2,311,060	201	4,712,913	1,609,749	**70,867,951**
Additions	0	2,078,949	0	0	259,914	2,338,863
Revaluation increases / (decreases)	(9,518,194)	0	0	(198,534)	0	(9,716,728)
Derecognition - disposals	0	(1,941,744)	0	(500)	0	(1,942,244)
Transfers and reclassifications	1,680,864	0	0	0	(1,680,864)	0
Other Movements	0	0	0	0	(188,799)	(188,799)
Asset values at 31 March 2021	**54,396,698**	**2,448,265**	**201**	**4,513,879**	**0**	**61,359,043**
Depreciation						
Accumulated depreciation at 1 April 2020	(362,161)	(1,250,550)	0	0	0	**(1,612,711)**
Depreciation charge for the year	(1,063,159)	(326,361)	0	(14,924)		(1,404,444)
Depreciation written out on revaluation	1,310,331	0	0	14,924		1,325,255
Derecognition - disposals	0	113,337	0			113,337
Transfers and reclassifications	0	0	0			0
Other movements	0	0	0			0
Accumulated depreciation at 31 March 2021	**(114,989)**	**(1,463,574)**	**0**	**0**	**0**	**(1,578,563)**
Net Book Value of Assets						
1 April 2020	61,871,867	1,060,510	201	4,712,913	1,609,749	69,255,240
31 March 2021	**54,281,709**	**984,691**	**201**	**4,513,879**	**0**	**59,780,480**

Movements in 2019/20	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 2019	59,520,577	1,915,937	200	5,420,020	460,859	**67,317,593**
Additions	0	3,515,309	0	0	1,148,890	4,664,199
Revaluation increases / (decreases)	2,213,451	0	0	(207,106)	0	2,006,345
Derecognition - disposals	0	(3,120,186)	0	0	0	(3,120,186)
Transfers and reclassifications	500,000	0	1	(500,001)	0	0
Other movements	0	0	0	0	0	0
Asset values at 31 March 2020	**62,234,028**	**2,311,060**	**201**	**4,712,913**	**1,609,749**	**70,867,951**
Depreciation						
Accumulated depreciation at 1 April 2019	(263,986)	(1,145,972)	0	0	0	**(1,409,958)**
Depreciation charge for the year	(1,215,391)	(333,408)	0	(27,074)	0	(1,575,873)
Depreciation written out on revaluation	1,129,716	0	0	14,574	0	1,144,290
Derecognition - disposals	0	228,830	0	0	0	228,830
Other movements	(12,500)	0	0	12,500	0	0
	0	0	0	0	0	
Accumulated depreciation at 31 March 2020	**(362,161)**	**(1,250,550)**	**0**	**0**	**0**	**(1,612,711)**
Net Book Value of Assets						
1 April 2019	59,256,591	769,965	200	5,420,020	460,859	65,907,635
31 March 2020	**61,871,867**	**1,060,510**	**201**	**4,712,913**	**1,609,749**	**69,255,240**

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.
- Non-operation buildings (surplus assets): 40 years; less any residual land value.
- Freehold land is not depreciated.
- Surplus assets will have lives based upon the type of asset – e.g. Buildings 30 to 60 years, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Vehicles, plant, furniture and equipment: 4 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 changes in its accounting estimates in either the life or depreciation methods of assets during the year.

Revaluations

The 2020/21 the revaluations and impairment review was undertaken by William McMahon MRICS and Richard Webb MRICS, of Publica Group (Support) Limited. Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

Assets are valued as part of a rolling programme of revaluations. All assets are valued at least every 3-years with annual valuations for all assets classified as investment properties or those assets that are deemed to have materially changed in value.

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

In estimating asset values it has been assumed that:

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

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 William McMahon MRICS and Richard Webb MRICS, of Publica Group (Support) Limited.

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

	Other Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Construction £	TOTAL £
Carried at [depreciated] Historical Cost	0	984,691	201	0	0	**984,892**
Valued at Current Value as at 31st March:						
2016/17	21,782	0	0	0	0	**21,782**
2017/18	0	0	0	40,700	0	**40,700**
2018/19	3,836,117	0	0	107,626	0	**3,943,743**
2019/20	0	0	0	82,942	0	**82,942**
2020/21	50,423,810	0	0	4,282,611	0	**54,706,421**
	54,281,709	**984,691**	**201**	**4,513,879**	**0**	**59,780,480**

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.

	2019/20 £	2020/21 £
Rental income	(751,082)	(706,867)
Direct operating expenses	202,445	135,690
Net (gains) / losses from fair value adjustments	441,020	335,500
	(107,617)	**(235,677)**

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 2020/21 valuations were undertaken by the Publica Group (Support) Limited valuers William McMahon MRICS and Richard Webb MRICS. 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.

	2019/20 £	2020/21 £
Opening Balance - 1 April	4,829,000	6,571,000
Additions	2,183,020	0
Net gains / (losses) from fair value adjustments	(441,020)	(353,500)
Closing Balance - 31 March	**6,571,000**	**6,217,500**

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

	2019/20 £	2020/21 £
Asset Cost or Valuation		
Asset values at 1 April	329,431	295,631
Additions	0	9,534
Derecognition	(33,800)	(134,652)
Asset values at 31 March	**295,631**	**170,513**
Amortisation		
Accumulated Amortisation at 1 April	(187,944)	(219,699)
Amortisation charge for the year	(65,555)	(29,087)
Derecognition	33,800	134,652
Accumulated Amortisation at 31 March	**(219,699)**	**(114,134)**
Net carrying amount at 31 March	**75,932**	**56,379**

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 2020 £	31 March 2021 £
Starter Home Initiative	45,235	45,235
Council Mortgages & Housing Act Advances	31,500	31,500
Charities	80,008	76,444
Housing Improvement Loans	54,085	54,085
Housing Strategy Loans	11,692	11,692
Employee Car Loans	40,367	16,158
Loan to 'Friends of the Cotswolds'	342,857	322,701
Loan to 'Barn Theatre'	0	20,000
Finance Leases - principal outstanding	3,365,633	4,367,161
	3,971,377	**4,944,976**

D5. Debtors

	31 March 2020 £	1 March 2021 £
Government Departments	1,451,084	11,489,698
Other Local Authorities	1,714,725	6,328,738
Collection Fund debtors (CDC Share)	737,590	1,432,699
Housing Benefit recovery	785,421	758,983
Sundry Debtors	891,828	616,204
Finance Leases - principal outstanding	576,141	826,878
Other Debtors	736,160	758,406
Bromford Housing Association RTB receipts	546,870	0
Prepayments	396,131	403,815
	7,835,950	22,615,421
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(200,604)	(487,975)
Housing Benefit recovery	(785,421)	(703,130)
Sundry Debtors	(450,858)	(122,893)
	6,399,067	**21,301,423**

Both the debtor and impairment allowance for doubtful debt included within the sundry debtor heading was overstated by £412k at 31 March 2020, this had no impact upon revenue, no prior period adjustment has been made due to the immaterial nature of the error.

D6. Creditors

	31 March 2020 £	31 March 2021 £
Government Departments	(1,538,790)	(10,396,202)
Agency Creditor - Covid Business Grants	0	(6,045,901)
Other Local Authorities	(936,350)	(1,837,674)
Collection Fund creditors (CDC Share)	(367,835)	(251,553)
Sundry Creditors	(40,994)	(48,357)
Finance Leases - principal outstanding	(23,585)	(23,585)
Other Creditors	(1,051,710)	(1,187,638)
Receipts in advance:		
- Council Tax / NNDR payers	(69,905)	(487,036)
- Government Departments	0	(1,328,828)
- Sundry Creditors	(2,774,541)	(1,577,506)
	(6,803,710)	(23,184,280)
S106 Balances	(2,178,811)	(1,773,391)
	(8,982,521)	**(24,957,671)**

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	(1,052,314)	(204,917)	139,011	0	**(1,118,220)**
	(1,052,314)	**(204,917)**	**139,011**	**0**	**(1,118,220)**

Business Rates (NNDR) appeals

This provision is held in relation to outstanding appeals against property valuations lodged with the Valuation Office. A significant level of risk remains due to the volume of outstanding appeals against the 2010 valuation list and the 2017 list came into effect in April 2017 together with a Check, Challenge and Appeal process, replacing the former appeals process.

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.

	2019/20 £	2020/21 £
Opening Capital Financing Requirement	**110,106**	**86,523**
Capital investment in the year		
Property, Plant & Equipment	6,847,219	2,338,863
Intangible Assets	0	9,534
Revenue Expenditure Funded from Capital under Statute	814,826	847,683
Loan	0	20,000
	7,662,045	3,216,080
Sources of finance		
Capital Receipts	5,678,622	2,382,371
Better Care Funding/Disabled Facilities Grants	749,593	460,996
Other grants & external funding	717,090	124,914
Earmarked Reserves	266,738	0
Direct Revenue Contributions	273,585	271,135
	7,685,628	3,239,416
Net increase / (decrease) in Capital Financing Requirement	**(23,583)**	**(23,336)**
Closing Capital Financing Requirement	**86,523**	**63,187**

A decrease in Capital Financing Requirement in 2018/19 represented assets acquired under a finance lease arrangement, the reduction in 2019/20 and 2020/21 represents the financing of this asset through leasing charges in year

E1. Defined Benefit Pension Scheme

Participation in pension schemes

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

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

Publica Group (Support) Limited

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

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:

	2019/20 £	2020/21 £
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	2,736,000	2,083,000
Past Service Cost	0	52,000
Financing and Investment Income & Expenditure:		
Net Interest Expense	1,141,000	870,000
Net Charge to Surplus or Deficit on Provision of Services	**3,877,000**	**3,005,000**
Other post employment benefit charged to Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	8,035,000	(16,952,000)
Actuarial (gains) / losses arising on changes in financial assumptions	(9,554,000)	26,230,000
Actuarial (gains) / losses arising on changes in demographic assumptions	(4,018,000)	1,430,000
Experience (gains) / losses	(2,843,000)	(1,025,000)
	(8,380,000)	9,683,000
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	**(4,503,000)**	**12,688,000**
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	**(3,877,000)**	**(3,005,000)**
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**2,991,000**	**6,477,000**

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 2020 £	31 March 2021 £
Present value of the defined benefit obligation - funded	(105,707,000)	(133,663,000)
Present value of unfunded obligations	(2,549,000)	(2,847,000)
Fair Value of Plan Assets	68,209,000	90,252,000
Net liability arising from defined benefit obligation	**(40,047,000)**	**(46,258,000)**

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

	2019/20 £	2020/21 £
Opening Fair Value of Scheme Assets	74,357,000	68,209,000
Interest Income	1,789,000	1,608,000
Remeasurement Gains / (Losses)	(8,035,000)	16,952,000
Employers' Contributions	2,853,000	6,336,000
Employee Contributions	418,000	399,000
Contributions in respect of unfunded benefits	138,000	141,000
Benefits Paid	(3,173,000)	(3,252,000)
Unfunded Benefits Paid	(138,000)	(141,000)
Closing Balance 31 March	**68,209,000**	**90,252,000**

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

	2019/20 £	2020/21 £
Opening Balance 1 April	(121,898,000)	(108,256,000)
Current Service Cost	(2,736,000)	(2,083,000)
Interest Cost	(2,930,000)	(2,478,000)
Contributions from Scheme Participants	(418,000)	(399,000)
Past Service Cost	0	(52,000)
Remeasurement Gains / (Losses)	16,415,000	(26,635,000)
Benefits Paid	3,173,000	3,252,000
Unfunded Benefits Paid	138,000	141,000
Closing Balance 31 March	**(108,256,000)**	**(136,510,000)**
Funded	**(105,707,000)**	**(133,663,000)**
Unfunded	**(2,549,000)**	**(2,847,000)**

Composition of Scheme Assets

	2019/20				2020/21			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
Debt Securities								
Corporate Bonds (investment grade)	7,578.3	-	7,578.3	11%	10,181.0	-	10,181.0	11%
Corporate Bonds (non investment grade)	163.0	-	163.0	0%	224.8	-	224.8	0%
UK Government	1,250.7	-	1,250.7	2%	1,154.8	-	1,154.8	1%
Other	188.5	-	188.5	0%	346.1	-	346.1	0%
Private Equity								
All	-	225.0	225.0	0%	-	460.8	460.8	1%
Real Estate								
UK Property	3,783.5	1,209.6	4,993.1	7%	4,369.5	1,343.9	5,713.4	6%
Overseas Property	-	351.5	351.5	1%	-	422.5	422.5	0%
Investment Funds and Unit Trusts								
Equities	-	43,321.1	43,321.1	64%		59,885.0	59,885.0	66%
Bonds	5,388.7	-	5,388.7	8%	6,569.6	224.1	6,793.7	8%
Infrastructure	-	137.1	137.1	0%		459.0	459.0	1%
Other	-	3,802.9	3,802.9	6%		2,074.9	2,074.9	2%
Derivatives								
Foreign Exchange	14.6	-	14.6	0%	22.2	-	22.2	0%
Other	7.0	-	7.0	0%	6.4	-	6.4	0%
Cash and Cash Equivalents								
All	787.5	-	787.5	1%	2,507.4	-	2,507.4	3%
	19,162	**49,047**	**68,209**	**100%**	**25,382**	**64,870**	**90,252**	**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	21.9	24.3
Future Pensioners*	22.9	26.0
*Assume members aged 45 as at last formal valuation date - 31 March 2019		
Financial Assumptions	**2019/20**	**2020/21**
Rate of increase in pensions	1.9%	2.9%
Rate of increase in salaries	2.2%	3.2%
Discount Rate	2.3%	2.0%

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.5% p.a. for women and men.

Included in the assumptions is an allowance for future retirements to elect to take 35% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 68% of the maximum tax-free cash for post-April 2008 service.

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	
	%	**£**
0.5% decrease in Real Discount Rate	9%	12,677
0.5% increase in salary increase rate	1%	1,231
0.5% increase in pension increase rate	8%	11,183

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 2022 will be approximately £1,177,000.

E2. Financial Instruments

Categories of Financial Instruments

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

31 March 2020 Non-Current £	31 March 2020 Current £		31 March 2021 Non-Current £	31 March 2021 Current £
		Financial Assets at Amortised Cost		
0	8,030,717	Investments	0	0
1	0	Ubico Shareholding	1	0
0	97,439	Cash and cash equivalents	0	9,778,348
605,757	3,438,725	Debtors	577,815	18,910,431
3,365,620	576,141	Finance Leases	4,367,161	826,878
3,971,378	12,143,022		4,944,977	29,515,657
		Fair Value through Profit or Loss		
9,143,767	1,145,097	Investments	10,032,287	1,139,649
0	5,591,145	Cash and cash equivalents	0	1,590,001
9,143,767	6,736,242		10,032,287	2,729,650
		Fair Value through Other Comprehensive Income		
980,000	0	Designated Equity Instruments	1,030,000	5,000
14,095,145	**18,879,264**	**Total Financial Assets**	**16,007,264**	**32,250,307**
		Financial Liabilities at Amortised Cost		
0	(231,393)	Cash and cash equivalents	0	(133,990)
0	(1,818,298)	Creditors	0	(9,128,050)
(62,936)	(23,585)	Finance Leases	(62,936)	(23,585)
(62,936)	**(2,073,276)**	**Total Financial Liabilities**	**(62,936)**	**(9,285,625)**

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	4,944,976	21,301,423	(23,184,280)
Finance Leases (shown separately)	(4,367,149)	(826,878)	23,585
Items not classified as Financial Instruments:			
Statutory & Government Debtors / Creditors	0	(1,160,299)	10,639,275
Payments / Receipts in Advance	0	(403,815)	3,393,370
Total Debtors / Creditors (as above)	**577,827**	**18,910,431**	**(9,128,050)**

Income, Expense, Gains and Losses

2019/20					2020/21			
Financial Assets			Financial Liabilities		Financial Assets			Financial Liabilities
Amortised Cost £	Fair Value through P&L £	Fair Value through OCI £	Amortised Cost £		Amortised Cost £	Fair Value through P&L £	Fair Value through OCI £	Amortised Cost £
				Financing & Investment Income and Expenditure				
(171,336)	(498,407)	0		Interest / dividend income	(87,382)	(410,216)	(21,500)	
15,357				Changes in impairment loss allowance	51,259			
	1,144,396			Changes in fair value		(891,511)		
0	5,721	0		(Gains) / losses on derecognition		0	0	
			3,361	Interest expense				0
			0	Fee expense				0
				Other Comprehensive Income				
		20,000		Changes in fair value			(50,000)	
(155,979)	**651,710**	**20,000**	**3,361**	**Net (Gains) / Losses for the Year**	**(36,123)**	**(1,301,727)**	**(71,500)**	**0**

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

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 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 describes the Council's financial assets measured at fair value:

	Input level	As at 31 March 2021 £
Fair Value through Profit or Loss		
Money Market Funds	Level 1	1,590,001
Pooled Investment Funds	Level 1	11,171,936
		12,761,937

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), 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 2020 Carrying Amount £	31 March 2020 Fair Value £	31 March 2021 Carrying Amount £	31 March 2021 Fair Value £
Financial Assets at Amortised Cost				
Investments	8,030,717	8,030,717	0	0
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	97,439	97,439	9,778,348	9,778,348
Non-Current Debtors	605,757	605,757	577,815	577,815
Non-Current Finance Leases	3,365,620	3,365,620	4,367,161	4,367,161
	12,099,534	**12,099,534**	**14,723,325**	**14,723,325**
Financial Liabilities at Amortised Cost				
Borrowing	(231,393)	(231,393)	(133,990)	(133,990)
Non-Current Finance Leases	(62,936)	(62,936)	(62,936)	(62,936)
	(294,329)	**(294,329)**	**(196,926)**	**(196,926)**

Equity Instruments Elected to Fair Value through Other Comprehensive Income

The Council has elected to account for the following investment in 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 2020 £	31 March 2021 £	31 March 2020 £	31 March 2021 £
Fundamentum Social Housing REIT plc	980,000	1,030,000	0	21,500
	980,000	**1,030,000**	**0**	**21,500**

E3. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any external borrowing. As such, the 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
- Market risk – the possibility that financial loss might arise for the Council as a rest of changes in such measures as interest rate movements

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. Procedures for risk management are set-out in the Local Government Act 2003 and the 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 limiting:
    - Limits on the Council's overall debt [external borrowing]
    - The Council's maturity structure of its borrowing
    - The Council's upper limit for exposure to fixed and variable rate investments
    - 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 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 credit ratings can be found in the appendix to the Treasury Management annual investment strategy, which can be viewed via the Councils web-site.

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

	Investment Balance
Fixed duration deals	
A+ Rated Banks	£0
Local Authorities	£0
Call accounts and other 'cash equivalent' investments	
Money Market Funds	£1,590,000
Call Accounts	£9,770,000
UK Equities	£1,035,000
Pooled funds	
Non-rating agency rated pooled fund	£11,173,868
separately approved by the Council's Treasury Management advisors	

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				
UK Banks				
UK Local Authorities				
Money Market Funds	£1,590,000			
Call Accounts	£9,770,000			
UK Equities	£5,000			£1,030,000
Externally managed funds				
Pooled Funds	£68,054			£11,103,882

Liquidity Risk

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

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

Market risk – interest rate risk

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

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

The Council has a number of strategies for managing interest rate risk. Prior to the start of each year, a maximum limit is set upon the fixed and variable interest rate exposures. The in-house treasury management team will monitor market, forecast interest rates within the year, and adjust exposures accordingly. For instance, during periods of falling interest rates, and where economic conditions make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

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

If interest rates had been 0.10% 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 £23,958.

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

Foreign Exchange Risk

The Council’s policy is to deal in £ sterling wherever possible and reduce the need to deal in foreign exchange.

E4. Leases

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

Operating Leases

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

	31 March 2020 £	31 March 2021 £
Not later than one year	43,148	93,406
Later than one year & not later than five years	101,466	182,500
Later than five years	121,250	96,250
	265,864	**372,156**

Operating lease payments charged to Cost of Services during the year totalled £66,766.3. (2019/20 £17,263).

Finance Leases

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

	31 March 2020 £	31 March 2021 £
Vehicles, plant, furniture & equipment	86,521	62,937
	86,521	**62,937**

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

	31 March 2020 £	31 March 2021 £
Finance lease liabilities:		
Current	23,585	23,585
Non Current	62,936	39,352
Finance costs payable in future years	12,329	8,969
Minimum Lease Payments	**98,850**	**71,905**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2020 £	31 March 2021 £	31 March 2020 £	31 March 2021 £
Not later than one year	26,945	26,945	23,585	23,585
Later than one year & not later than five years	71,905	44,960	62,936	39,352
Later than five years	0	0	0	0
	98,850	**71,905**	**86,521**	**62,937**

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 Ltd.

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 2020 £	31 March 2021 £
Present value of principal payments outstanding on non current assets	3,941,761	5,194,028
Unearned finance income	2,966,381	2,952,753
	6,908,142	**8,146,780**

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 2020 £	31 March 2021 £	31 March 2020 £	31 March 2021 £
Not later than one year	679,727	943,481	576,141	826,878
Later than one year & not later than five years	2,445,764	3,360,787	2,126,391	3,021,492
Later than five years	3,782,651	3,842,512	1,239,229	1,345,658
	6,908,142	**8,146,780**	**3,941,761**	**5,194,028**

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 2020/21 the Council received £145,372 in contingent rents (2019/20 £135,485).

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 2020 Prior Period Adjustment £	31 March 2021 £
Not later than one year	1,136,936	1,004,379
Later than one year & not later than five years	2,820,446	2,160,857
Later than five years	888,489	567,072
	4,845,871	**3,732,308**

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

The ‘Later than five years’ 31 March 2020 entry was overstated by £2,338,433 in the 2019/20 Statement of accounts as it incorrectly included a finance lease payment due. This has resulted in the entry above for ‘Later than five years’ 31 March 2020 reducing from £3,226,922 to £888,489.

E5. Accounting Policies

i) General Principles

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the 31st March year-end. The Authority 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).

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 assumption that the Council is a going concern.

ii) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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 is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument ("what is due") 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. For all debts outstanding at the balance sheet date, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- 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 the claim and accruals calculated using system automated reports.

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 Authority's cash management.

iv) Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

i) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. 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 Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations 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.

ii) 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 share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR
The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority'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 authority'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.

iii) Employee benefits

Benefits payable during employment (updated)
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.

Prior to 2017/18, an accrual was made 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. The cost of leave carried-forward into the next financial year would be entered into the accounts as a creditor as the leave will be a cost (either in monetary terms of lost productive time) in the new year. In 2017/18 the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited. Due to the vastly reduced number of staff at the Council, a balance is no longer maintained for the cost of untaken annual leave, as the figures involved are not material to the accounts.

Termination benefits

Termination benefits are amounts payable as a result of decisions by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority 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 enhancements termination benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

iv) Post-employment benefits

Employees of the Authority are permitted to join of 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 worked for the Council.

<u>The Local Government Pension Scheme</u>
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 projections of future 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 Authority 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 of the net defined benefit liability, i.e. net interest expense for the Authority – 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 Authority 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.

v) Fair value measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is 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 fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, 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 and liabilities 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 or liabilities 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 or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

vi) Financial instruments

Financial liabilities are recognised on the Balance Sheet when the Authority 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 Authority may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

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

Expected Credit Loss Model
The Council recognises material expected credit losses on 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. Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets at Fair Value through Profit or Loss (FVPL)
Financial assets 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 arrive in the Surplus or Deficit on the Provision of Services.

Fair value is measured in accordance with the Council's Fair Value Measurements policy (see viii above). 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.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 [SI 2018/1207]. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2023.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)
Financial assets that are measured at fair value through other comprehensive income are recognised on the balance sheet when the Authority 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.

vii) 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 Authority when there is assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 only then credited to Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General 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.

Most Section 106 grant contributions which the Council holds have conditions which require the contribution to be returned if the contribution remains unspent after 5 years. Although it is highly probable that the conditions will be met, it is not guaranteed. Section 106 contributions are therefore held on the balance sheet as creditors. 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 Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) 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.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However a proportion of the charges for this Authority may be used to fund revenue expenditure. A share of the charges which are due to be payable to the Town and Parish Councils will remain in creditors (receipts in advance) until due.

viii) 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 Authority 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.

ix) Intangible assets

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

x) 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 value of works and services received under the contract during the financial year.

xi) 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 if is classified as held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are subject to a review at year end to determine whether market conditions require properties to be revalued. Any gains or 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.

xii) Leases

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

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

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

The Authority as lessee

Finance leases

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority may be added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

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

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in Accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

<u>Operating leases</u>
Lease payments made under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased asset.

The Authority as lessor

<u>Finance leases</u>
Where the Authority 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.

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).

Any 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 on 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 fixed 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.

<u>Operating leases</u>
Where the Authority 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.

xiii) 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 (PPE).

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 Authority 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 directly 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 an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition was for no monetary value. Where the purchase of an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – 'highest and best use'
- all other classes of asset – '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 an estimate of 'current value'.

Items of equipment, which have short useful lives or low values (or both) are held on the balance sheet at depreciated historical cost, as an approximation of 'current value'.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the 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.

Upon revaluation, 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 gain)
- 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.

Impairment
Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses 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(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation
Depreciation is provided for on all Property, Plant and Equipment assets. Assets are written-down over the useful life of the asset. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are under construction (and not yet available for use).

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 current value less costs to sell.

If assets no longer meet the criteria to be classified as Assets Held for Sale, it will be reclassified back to non-current assets and valued at the lower of their carrying amount before being 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 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 accumulated revaluation gains held for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for disposal in excess of £10,000 are categorised as capital receipts and can then only be used for new capital investment [or set aside to reduce the Authority'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.

xiv) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the 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 certainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. 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 (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 Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 Authority. 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 reliably.

Any material contingent liabilities are disclosed in the notes to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 Authority.

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

xv) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance, via the Movement in Reserves Statement. 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 charged back into the General Fund Balance in the Movement in Reserves Statement 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, and retirement & employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xvi) 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 is 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 to reverse out the amounts charged so there is no impact on the level of council tax.

xvii) 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.

E6. Critical Judgements in Applying Accounting Policies

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

- The Council had a one-seventh share in Ubico Ltd. Ubico operates separate operating practices and management structure, the application of majority-voting on the Ubico Ltd. board indicates that the Council does not have joint-control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico Ltd. 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 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 obligations 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 does result in different accounting treatment. 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 agreement whereby it provides environmental services vehicles to Ubico Ltd. Ubico Ltd 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 Ltd. contracts where necessary). Ubico Ltd. 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 Ltd. A formal lease has been agreed on this basis.

E7. Assumptions and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Significant assumptions affecting the statement of accounts include the following. Where other assumptions have been made these will be disclosed in the appropriate note to the accounts.

Item	Uncertainties	Effect if actual result differs from assumption
Property, Plant & Equipment – Operational Property	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Valuer has stated that valuations have been prepared in accordance with the RICS Valuation standard and recommendations contained within the RICS Red Book. Following the outbreak of Covid-19 and subsequent UK Government imposed lockdown measures, the property market has faced unprecedented challenges. Financial support has been offered to businesses to keep them afloat during the pandemic during which there has been a seismic shift towards home working for those that are able to do so and a mass closure of retail, leisure and hospitality venues. In the context of the Council's property portfolio the Valuer has assessed the impairment risk by sector and individual asset. Due to changes in office, retail and leisure markets and the use of car parks, it has been considered prudent to revalue all assets within these sectors. The valuations reflect significant falls in car park valuations as a result of significant drops in car park income during 2020/21. The remainder of the portfolio unvalued in 2020/21 has been assessed and it has been confirmed that 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 2021 for the Council's investment property portfolio and approximately 89% of its operational portfolio. Operational assets are depreciated over the best estimate of an assets useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council's valuer.	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 £35m. 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 £59m. It is estimated that the annual depreciation charge for buildings would increase by approximately £36,000 for every year that useful lives had to be reduced.

Item	Uncertainties	Effect if actual result differs from assumption
Fair Value measurement of Investment Property	The Council's external valuers use valuation techniques to determine the fair value of investment property. This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available. In 2020/21 Covid-19 impacted on rental income and assumptions for 2021/22 have been adjusted to assume rent free and void periods. Where possible evidence has been used for transactions that have taken place post Covid-19. Where evidence has not been available, pre Covid data has been used and, if appropriate adjusted. Whilst it is no longer considered appropriate to include a "Material Uncertainty" clause it is noted that there is a greater chance of market volatility than pre pandemic. The valuation of the portfolio will continue to be reviewed on an annual basis to ensure values remain materially accurate.	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 assumptios 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. An increase of 5% in the overall valuation would result in an increase in value of £311,000
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. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.	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.

Item	Uncertainties	Effect if actual result differs from assumption
Going Concern	The Council set its budgets and Medium Term Financial Strategy (MTFP) based upon its best estimate of plans and funding. Sources of income, grant funding and savings plans are all liable to change the further into the future one moves.	If estimates on income, funding or savings plans differ (and all move adversely), the Council will be able to draw upon revenue reserves to smooth fluctuations in funding until alternative savings plans are developed. The provisions in the CIPFA code in respect of going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that local authorities have no ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (i.e. management deciding to liquidate the entity or cease trading). As authorities cannot be created or dissolved without statutory prescription, it would not be appropriate for local Authority financial statements to be prepared on anything other than a going concern basis. It is therefore assumed that the Council will remain a going concern with the assumption that the Council's services will continue for the foreseeable future. There is no material uncertainty in relation to going concern.

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.

Changes to the 2021/22 code are limited to:

- Definition of a Business: Amendments to IFRS3 Business Combinations
  The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. This is not expected to impact upon the Council.

- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
  Amendments to IFRS 9, IAS39 and IFRS 7 have an impact on hedge accounting if interest rates change. The amendment will not have an impact on the council, as the council is currently debt free and any future debt is expected to be based on a fixed rate and the Council's investments are held in sterling and low risk.

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 30, IFRS 7, IFRS 4 and IFRS 16.
  The Phase 2 amendments relate to issues that arise if any existing interest rate is replaced by an alternative one. This unlikely to have an impact on the Council as interest rate benchmark reform is rarely applied. In addition financial instruments are valued at amortised costs rather than fair value.

The Council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements

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.

- Eleven Cabinet Members have declared an interest as a Town or Parish Councillor where precepts, grants and contributions (£333,199) were awarded during 2020/21.

- One Cabinet Member was nominated by the Council to sit on the board of Cotswold Conservation Board, who received a grant of £21,286 from the Council during 2020/21.

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 at 31 March 2021 four of the Council's Members are also Members of Gloucestershire County Council (four as at 31 March 2020). Cotswold District Council made payments of £160,308 to the County Council and received grants, fees and contributions of £1,948,458 during 2020/21.

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.

West Oxfordshire District Council

Up until November 2017, the Council shared a number of senior staff with West Oxfordshire District Council. On the 1 November the majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited. Following the transfer, the Council only shares the Legal function, counter fraud unit and up until June 2020 a shared Chief Finance Officer.

For the first quarter of 2020/21 Cotswold District Council shared it's Chief Finance Officer (CFO) with West Oxfordshire District Council under a joint working relationship. The CFO is an employee of, and paid by, Cotswold District Council. While the Officer was shared and had influence in both Cotswold District Council and West Oxfordshire District Council, she was required to act separately for each Council. Decisions on overall policy and the strategic direction are set by Cabinet and Council in each Council, with the CFO enacting the Members' will.

Publica Group (Support) Limited

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

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

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

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

At 31 March 2021 the Council owed Publica £402,672 (31 March 2019, £267,979) and was owed £214,113 (31 March 2020, £369,686).

Ubico Ltd

Ubico Ltd. 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 1/7th 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 Ltd 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 1/7th shareholding in Ubico Ltd, and a place on the Board of Ubico Ltd, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico Ltd. board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico Ltd.

At 31 March 2021, Ubico Ltd owed the Council £402,462 (2019/20, £366,474) and the Council owed Ubico Ltd (creditors and receipts in advance) £103,688 (2019/20, £27,313).

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 5 April 2022. 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 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

It has been agreed that despite the continuing impact of the Coronavirus pandemic, there are no non-adjusting events after the Balance Sheet date.

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

	2019/20 £	2020/21 £
Depreciation, amortisation and impairment	1,749,977	1,433,532
Increase / (decrease) in creditors	(122,007)	924,317
(Increase) / decrease in debtors	(2,829,262)	(550,411)
Increase / (decrease) in provision for bad debts	(2,199)	51,259
(Increase) / decrease in inventories	669	(11,290)
Pensions' liability	886,000	(3,472,000)
Carrying amount of non current assets sold	2,891,355	1,828,507
Increase / (decrease) in provisions	(1,011,481)	65,906
Movements in the fair value of investment properties	441,020	353,500
Movements in the fair value of financial instruments	1,144,396	(891,511)
Other non cash items charged to Surplus/Deficit on Provision of Services	97,309	(1,345)
	3,245,777	**(269,536)**

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

	2019/20 £	2020/21 £
Capital grants applied to the financing of capital expenditure	(721,021)	(772,342)
Proceeds from the sale of non current assets	(2,891,355)	(598,516)
Unattached capital receipts	(591,620)	(30,142)
	(4,203,996)	**(1,401,000)**

F3. Investing Activities

	2019/20 £	2020/21 £
Purchase of property, plant & equipment and other capital investment	(3,671,418)	(2,348,398)
Purchase of short term and long term investments	(25,000,000)	(45,000,000)
Proceeds from the sale of non current assets	1,015,561	720,674
Proceeds from disposal of short term and long term investments	30,007,919	53,000,000
Other (receipts) / payments from investing activities	273,740	655,518
	2,625,802	**7,027,794**

F4. Financing Activities

	2019/20 £	2020/21 £
Finance Lease repayments	(23,429)	23,585
Other payments from financing activities	0	0
	(23,429)	**23,585**

THE COLLECTION FUND

Collection Fund

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

2019/20 Business Rates £	2019/20 Council Tax £	2019/20 Total £		Note	2020/21 Business Rates £	2020/21 Council Tax £	2020/21 Total £
0	(72,080,794)	(72,080,794)	Council Tax receivable	G1		(75,460,412)	(75,460,412)
(32,356,918)	0	(32,356,918)	Business Rates Receivable	G2	(15,382,274)		(15,382,274)
(538,979)	0	(538,979)	Transitional Protection Payments		(144,841)		(144,841)
(578,659)	0	(578,659)	Contribution to previous year's deficit		201,355		201,355
(33,474,556)	**(72,080,794)**	**(105,555,350)**	**Total Income**		**(15,325,760)**	**(75,460,412)**	**(90,786,172)**
			Apportionment of previous year's surplus				
0	96,878	96,878	Cotswold District Council		0	(49,328)	(49,328)
0	599,609	599,609	Gloucestershire County Council		0	(311,207)	(311,207)
0	110,213	110,213	Gloucestershire Police & Crime Commissioner		0	(60,257)	(60,257)
0	806,700	806,700			0	(420,792)	(420,792)
			Precepts, Demands and Shares				
16,376,662	0	16,376,662	Central Government		16,545,141		16,545,141
13,101,328	8,547,426	21,648,754	Cotswold District Council		13,236,113	8,975,225	22,211,338
3,275,332	53,925,374	57,200,706	Gloucestershire County Council		3,309,028	56,258,107	59,567,135
0	10,441,190	10,441,190	Gloucestershire Police & Crime Commissioner			10,757,588	10,757,588
32,753,322	72,913,990	105,667,312			33,090,282	75,990,920	109,081,202
			Charges on the Collection Fund				
144,033	86,821	230,854	Write-offs of uncollectable amounts		5,891	60,273	66,164
(940,703)	(400,000)	(1,340,703)	Increase / (decrease) in Bad Debt / Appeals Provisions	G3	915,493	1,075,624	1,991,117
180,554	0	180,554	Cost of Collection		181,565		181,565
74,118	0	74,118	Disregarded Amounts	G4	82,532		82,532
(541,998)	(313,179)	(855,177)			1,185,481	1,135,897	2,321,378
32,211,324	**73,407,511**	**105,618,835**	**Total Expenditure**		**34,275,763**	**76,706,025**	**110,981,788**
(1,263,232)	**1,326,717**	**63,485**	**(Surplus) / Deficit for the Year**		**18,950,003**	**1,245,613**	**20,195,616**
2,302,540	(703,164)	1,599,376	(Surplus) / Deficit brought forward		1,039,308	623,553	1,662,861
1,039,308	**623,553**	**1,662,861**	**(Surplus) / Deficit carried forward**	G5	**19,989,311**	**1,869,166**	**21,858,477**

G1. Council Tax System

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

Council Tax was introduced on 1 April 1993, and is a property based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2020/21.

Valuation Bands		Estimated number of taxable dwellings*	Ratio	Equivalent number of Band D dwellings
A-	Band A - entitled to disabled relief reduction	4.50	5/9	2.50
A	up to £40,000	2,940.50	6/9	1,960.33
B	£40,001 - £52,000	4,447.75	7/9	3,459.36
C	£52,001 - £68,000	9,814.75	8/9	8,724.22
D	£68,001 - £88,000	6,623.00	1	6,623.00
E	£88,001 - £120,000	5,763.25	11/9	7,043.97
F	£120,001 - £160,000	4,442.75	13/9	6,417.31
G	£160,001 - £320,000	4,110.25	15/9	6,850.42
H	over £320,001	624.00	18/9	1,248.00
	Contributions in lieu (South Cerney Barracks)	-	-	207.19
				42,536.30
	Adjustments for collection rates and anticipated changes during the year			-782.38
** adjusted for discounts and exemptions*				**41,753.92**

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

The above calculations resulted in an "average Band D Tax" of £1,736.50 per dwelling for 2020/21 (2019/20 - £1,673.12), 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 2020/21 the Authority benefited from a Pool distribution of £407,409 (£335,784 in 2019/20).

	2019/20 £	2020/21 £
Total Non Domestic Rateable Value at 31 March	£89,279,193	£89,870,364
National Non-domestic Rate Multiplier - Higher	50.4p	51.2
National Non-domestic Rate Multiplier - Lower [Small Business]	49.1p	49.9

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

G3. Tax Payers' Arrears & Provisions for Uncollectable Amounts

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

	2019/20 £	2020/21 £	% of arrears
Council Tax	(141,942)	(1,217,567)	31.5%
National Non Domestic Rates	(459,911)	(863,110)	35.3%
	(601,853)	**(2,080,677)**	

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 2021:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	453,388	2,860,408	n/a	553,840
Bad Debt Provision	(142,730)	(900,482)	n/a	(174,354)
Prepayments and Overpayments	(165,241)	(1,042,500)	n/a	(201,852)
(Surplus) / Deficit at 31 March	219,115	1,382,389	n/a	267,662
Business Rates				
Debtors	979,312	244,828	1,224,139	n/a
Bad Debt Provision - Tax Payers	(345,244)	(86,311)	(431,555)	n/a
Bad Debt Provision - Appeals	(1,118,220)	(279,994)	(1,397,776)	n/a
Prepayments and Overpayments	(86,311)	(21,578)	(107,889)	n/a
(Surplus) / Deficit at 31 March	7,995,711	1,998,928	9,994,645	n/a

The apportionment of the balances on the Collection Fund as at 31 March 2020 is as follows:

	Cotswold District Council £	Gloucs. County Council £	Central Govt. £	Gloucs. P&CC £
Council Tax				
Debtors	221,379	1,396,674	n/a	270,428
Bad Debt Provision	(16,639)	(104,977)	n/a	(20,326)
Prepayments and Overpayments	(191,027)	(1,205,179)	n/a	(233,350)
(Surplus) / Deficit at 31 March	73,097	461,164	n/a	89,292
Business Rates				
Debtors	516,211	129,053	645,264	n/a
Bad Debt Provision - Tax Payers	(183,964)	(45,991)	(229,956)	n/a
Bad Debt Provision - Appeals	(1,052,314)	(263,079)	(1,315,391)	n/a
Prepayments and Overpayments	(176,808)	(44,202)	(221,010)	n/a
(Surplus) / Deficit at 31 March	(588,099)	(793,482)	342,301	n/a

ANNUAL GOVERNANCE STATEMENT 2020/2021

1. SCOPE OF RESPONSIBILITY UPDATE

Cotswold District Council is responsible for ensuring that:

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

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

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

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

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

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

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

The governance framework has been in place at Cotswold District Council for the year ended 31st March 2021 and up to the date of approval of the Annual Statement of Accounts.

In November 2019 a Corporate Peer Challenge of the Council took place. Some of the key recommendations of the peer challenge related to:

- In order to produce credible delivery plans for the emerging priorities of the new administration, the council should set aside sufficient and distinct organisational thinking time to develop a credible Corporate Plan and to determine the resources required to deliver.
- Ensure the Council has the strategic leadership capacity it requires, within the retained senior officer team, to: shape the identity and unique agenda of Cotswold District Council and to influence key stakeholders; engage in wider partnership working to help deliver new and emerging ambitions; work with and influence the Publica strategy/policy team; act as intelligent client to commission services from Publica and other partners.
- Develop a medium-term financial strategy to underpin implementation of the Corporate Plan that identifies opportunities to enhance financial capacity including: income from fees and charges; returns on investment from treasury management; savings and income from Publica; opportunities to generate savings and create additional capacity to deliver through partnership working; a commercial strategy, learning from best practice elsewhere, to create new income streams.
- Recognise the value and potential of Publica to refocus capacity to deliver on the Council's ambitions and utilise the opportunity of a new Managing Director (MD) to reset the relationship between the Council and Publica and address governance issues.
- Undertake the LGA's Communications Health Check to support improved communications and help develop a branding strategy.
- Build the Council's organisational capacity by: putting in place a development programme for officers to harness enthusiasm and positivity of Group and Business Managers which will build organisational capacity; strengthening performance management and reporting including programme and project management; a comprehensive reboot of the current transformation programme in order to develop a new programme plan, with resources and expertise in place to deliver.
- Strengthening the role of the role of the Overview and Scrutiny Committee.
- Ensure the potential risks associated with any potential equal pay claim are understood and being managed.

In September 2020, Council received an update report showing the progress which has been achieved against each of these recommendations. Since September 2020, the new Chief Executive position has been filled, and a new Cabinet Support Officer has been appointed. In addition a Leadership Development Programme has been implemented which includes Publica officers, the Council's Chief Executive and Deputy Chief Executive. In addition, a revised approach to shareholder engagement is also being developed. led by the Chief Executives of each of the Publica Councils the Publica Managing Director and each Council leader. The Council is continuing to make progress with some of the recommendations, including programme and project management and a reboot of the transformation programme.

Since March 2020, the Council has been managing the impact of Covid-19 which has had a significant impact on the Council, its residents and businesses. The Council changed the way it delivered existing services, and was innovative in the creation of new services in order to meet the needs of businesses and residents.

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The Annual Governance Statement illustrates how the Council's governance arrangements changed during 2020/2021 as a consequence of the pandemic.

3. THE GOVERNANCE ENVIRONMENT

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

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA* Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

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

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law ● Behaving with Integrity ● Demonstrating strong commitment to ethical values ● Respecting the rule of law
● The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by a separate Code of Conduct for Members and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further

supported by Publica's[1] Business Conduct rules which set out guidelines for staff on behavioural issues.

- Declarations are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting. The Members' Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded.
- Registers of Interest are completed annually by Members and Officers and a Register of Gifts and Hospitality is maintained. Members are reminded quarterly to update the Register of Interests.
- An employee declaration is completed annually by all staff. A register of gifts and hospitality is maintained by Human Resources.
- The Monitoring Officer and Section 151 Officer report directly to the Head of Paid Service (from July 2020 Chief Executive) and are members of the Corporate Leadership Team.
- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee.
- Whistleblowing policies have been ratified by Cabinet. A Counter-Fraud Unit, which delivers services across Gloucestershire and in West Oxfordshire District Council is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to the Audit Committee twice a year. For 2020/21, one of the Audit Committees was cancelled while the Council established virtual meeting arrangements. The Audit Committee received one update during 2020/21.
- The Council put in place a robust set of emergency governance measures to monitor and respond to the Covid-19 pandemic, which very quickly had an extraordinary impact across the Council, its services, residents, businesses and communities. These measures are in line with national Emergency Management protocols and involve working with Partner Councils and its main service providers including Publica. Regular meetings (initially twice weekly) were held with Cabinet Members, Members of the Opposition Group and the two ungrouped Members to ensure that there was transparent and inclusive discussion on matters related to Covid-19. The Head of Paid Service, and latterly the Interim Chief Executive, used powers set out in the Constitution to enable emergency decisions to be taken. Those decisions were subject to consultation with Members as set out in the Constitution. A log of decisions taken was subsequently presented to the Overview and Scrutiny Committee.
- Meetings are minuted, with decisions and key actions recorded appropriately. The Council continues to publish key decisions, in line with legal best practice. The Council has implemented regular updates to and conversations with Members and across the organisation, with extended use of video conference call platforms as well as mass emails.
- The Communications service has been fully mobilised to ensure communications through all channels to support public health advice / information, Council service and support information to reach audiences externally and internally. A bespoke Communications strategy was quickly put in place to help key audiences feel 'informed, reassured, safe and inspired', feedback from Members and local businesses has been used to adapt communications as the pandemic situation developed.

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

B. Ensuring openness and comprehensive stakeholder engagement ● Openness ● Engaging comprehensively with institutional stakeholders ● Engaging with individual citizens and service users effectively
● Annual accounts are published in a timely manner to help communicate the Council's financial position and performance. ● The Council's Corporate Plan 2020-202 (approved by full Council in September 2020) is available to the public on the Council's website. ● All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change implications to aid understanding of the potential impact of their recommendations. ● The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution ● A Scheme of Delegation for Planning officers is included within the Constitution. Further work is ongoing and Council will be considering a proposed and comprehensive Scheme of Delegation for officers on 14 July 2021. ● Communication channels with staff include: one-to-one meetings between an officer and their supervisor, a weekly update email to all staff from the Publica Directors (Keeping you connected) and an online portal which contains informal blogs, policies, and further detail on subjects highlighted in the Keeping you connected update. ● A Customer Feedback form is available publicly for handling comments, complaints and compliments. The Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey is carried out throughout the year on the telephone service provided, with the Council consistently receiving high satisfaction scores. ● The Council maintains clear channels of communication with all sections of the Community and other Stakeholders. As part of the response to Covid19, the Council introduced weekly social media "CDC Live" broadcasts. These broadcasts will continue but have now reduced in frequency to a monthly basis. ● The ability for members of the public to ask questions at Cabinet meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council. ● A report is produced quarterly for the Overview and Scrutiny Committee and Cabinet regarding the service and financial performance of the council and the achievement of its aims and objectives. ● The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information request and the procedure that will be followed to answer the request. ● Restrictions imposed as a result of the pandemic disrupted the normal democratic meeting and decision making procedures. Emergency powers contained within the Council's Constitution have provided the necessary facilities to allow decisions to be made by the Head of Paid Service (from July 2020 Chief Executive), the S.151 Officer or the Monitoring Officer. ● Although Committee meetings had to be suspended, committees with decision making powers were able to be convened using remote participation by the appropriate

members. These meetings included Cabinet Members, representatives from the Opposition Group and other non-executive Members to ensure that decisions were taken in an open and transparent manner.

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

- Defining outcomes
- Sustainable economic, social and environmental benefits

- The Council's vision is contained within the Corporate Strategy which was approved by the new Administration in September 2019 and contained the Aim, Priorities and Principles of the new Council. A Corporate Plan has subsequently been approved which provides detail of the outcomes to be delivered by the Council over the next four years. Corporate and Service Plans are drafted and updated annually to support the delivery of the Council's Aim and Priorities.
- An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance.
- Key tasks identified in Service Plans feed into individual work plans/appraisals
- The Corporate Strategy deals with the Council's approach to environment and sustainability issues. Detailed proposals arising from the Corporate Strategy are Individually assessed as they are developed and are included within decision making reports to Members.
- The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy, revenue budgets and capital programme. These key financial documents are updated annually in advance of the forthcoming financial year.
- The Council recognises that the Covid-19 crisis has had a significant impact and will have an effect on the level of resources available to the Council. As part of its Medium Term Financial Strategy (MTFS) the Council will continue to assess its medium term financial position and update its assumptions about the resources available to, and the investment needs of, the Council in light of the consequences of the Covid-19 crisis.
- The Council is facing financial pressure from a combination of additional cost, lost income and the delay to the delivery of savings agreed as part of the Council's MTFS. The Council has received some funding from Government and continues to lobby Government for further funding in recognition of lost income both directly to the Council and to its leisure services provider.
- In response to the Covid-19 emergency, the Government announced financial support packages for small businesses, and those in the retail, hospitality and leisure sectors. The support took the form of ten grant funding schemes; and additional relief on Business Rates. Local authorities were responsible for administering these schemes, and the Government has committed to providing the funding for these payments
- The Covid-19 crisis has also had a financial impact on the Council's capital programme. The Council revised its revenue and capital budgets for 2020/21 in September 2020. In February 2021, the Council approved a refresh of its MTFS and the budget for 2021/22.
- A Recovery and Regeneration Investment Strategy was approved by the Council in September 2020, which will assist in guiding decisions on the best use of capital resources to support Council plans for the economic renewal of the District.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes ● Determining interventions ● Planning interventions ● Optimising achievement of intended outcomes
● The Council has, with three other Councils, created a company, Publica Group (Support) Ltd (Publica), to deliver more efficient and improved services. Where possible, processes have/are being aligned to ensure consistency across the partner Councils. However, the Councils have retained decision making powers over service policies, outcomes and standards. Publica is the Council's most significant contractor. In recognition of this, the Council will monitor the contractor's performance by: ○ Considering Publica's Annual Report at Council; ○ Considering Publica's draft Business Plan annually at the Overview and Scrutiny Committee and Cabinet in February/March each year; ○ Requiring representatives from Publica to attend relevant Scrutiny Committee(s) to support discussion on quarterly performance reports; ○ Receiving monthly "Keeping You Connected" updates by email from Publica to all Members; ○ Meeting informally with Cabinet Members together and invited Members from the opposition party/scrutiny representatives on a regular basis (at least every six months) to discuss: progress against the Business Plan; identify any key risks and challenges outside of the company or Council control; budget monitoring and service delivery matters; ○ Develop informal mechanisms to share best practice, learning and Councillor development. ● In addition to the creation of Publica, the Council continues to secure savings through improved use of its assets and investments. ● The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately. ● Corporate and Service risk registers are discussed and reported quarterly. ● Key Performance Indicators are identified and included in the Service Delivery Plans for each service, these are reported quarterly.. ● Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers. ● The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment. A refresh was considered by Cabinet in September 2020 which reflects the impact of Covid-19 on the Council. ● The Council will continue to analyse the impact of Covid-19 and understand how the pandemic has impacted its strategic priorities. There will be a need to understand and manage a variety of impacts, including financial, service delivery, and health and wellbeing. Recovery Planning has commenced, this planning will review and anticipate the challenges we may face during 2020 and beyond in order for the Council to plan, review and respond to the changing needs of residents and businesses. The Recovery

Plan informed the Corporate Plan which was approved by Council in September 2020. The Council will continue to work with residents to help them protect themselves and others as well as recover from the health and economic crisis.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it ● Developing the entity's capacity ● Developing the capability of the entity's leadership and other individuals
● One of the reasons behind the creation of Publica was to increase capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke, specialist advice. ● The move to provision of services via wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors. Councillors also have a range of experience which is a valuable asset to the Council. ● There is a Scheme of Delegation at Member level covering the Council, Cabinet, individual Cabinet Members and other committees. Similarly, there is a scheme of delegation for officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures at Council and Officer level change. ● Financial rules are in place and are reviewed and revised as required. ● An induction programme is available to new employees and Members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings. ● Officers undertake regular 121 meetings with their line manager. As part of these 121 meetings, Offices discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge. ● The Head of Paid Service (from July 2020 Chief Executive), the Section 151 Officer, the Monitoring Officer and The Leader of the Council have clear roles and responsibilities and these are contained within the Constitution along with the Member/Officer Protocol. ● Training is also provided for officers on an on-going basis as appropriate and necessary. During 2020/21 all training took place via video conference and e-learning.

F. Managing risks and performance through robust internal control and strong public financial management ● Managing risk ● Managing performance ● Robust internal control ● Managing data ● Strong public financial management

- Responsible officers are required to maintain Service / Operational Risk Registers and Senior Officers review the Corporate Risk Register on a quarterly basis. The Corporate Risk Register is reported to the Audit Committee and Cabinet on a regular basis.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary.
- Risks relating to the Covid-19 pandemic and the planned recovery of the Council following the major disruption to its services were identified. A register of Covid-19 risks was managed by Publica on behalf of its client Councils with a review of this register carried out on a weekly basis.
- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
- Performance is measured on a regular basis and reported to the Overview and Scrutiny Committee and Cabinet.
- Minutes of meetings are published and highlight the challenge made by Members to Officers/Cabinet Members.
- The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities. The internal audit team provide the internal audit service to both the Council and Publica Group (Support) Ltd which strengthens the Council's oversight of Publica as its most significant contractor.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit Committee prior to the financial year. The Audit Plan for 2020/21 was impacted by the Council's response to Covid-19 and was updated to reflect work undertaken to support the Council in responding to Covid-19. The Audit Committee continued to receive update reports from SWAP during 2020/21.
- Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and findings reported to the Audit Committee.
- The Audit Committee's Terms of Reference are contained within the Constitution, Members have experience of a scrutiny role and training is provided when appropriate.
- A Counter Fraud Unit is hosted by this Council and supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by Management.
- An ICT Audit and Compliance Manager has been appointed as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that officers are informed and appropriately trained.
- The Council is part of the Gloucestershire Information Sharing Partnership. This enables data to be shared when necessary.
- Audit reviews ensure data is held securely whether electronically or hard-copy.
- The MTFS is reviewed and updated on a regular basis to ensure the Section 151 Officer, Head of Paid Service (from July 2020 Chief Executive) and Members are aware of the financial standing of the Council.

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

4. REVIEW OF EFFECTIVENESS

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

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:
● Senior Managers within Publica and the Council complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement. ● The Council's Leadership Team (including the Section 151 Officer and the Monitoring Officer) review the Corporate Risk Register and the Service Risk Registers being maintained by management on a quarterly basis. ● The SWAP Assistant Director (Head of Internal Audit) provides the Audit Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements. ● Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined by the Monitoring Officer and an Independent Person(s). ● Induction processes are carried out for newly elected Members. ● The Section 151 Officer ensures training and awareness sessions are carried out for the Audit Committee periodically. ● The External Auditors (Grant Thornton) present progress reports to the Audit Committee. ● The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit Committee. ● Quarterly performance reports, including the budget position, are presented to the Overview and Scrutiny Committee and Cabinet, demonstrating performance management against agreed performance indicators and budgets. ● The Audit Committee reviews the Annual Governance Statement.

- The Audit Committee reviews the Annual Statement of Accounts, the Capital Strategy, Investment Strategy, Treasury Management Strategy and reports from both Internal Audit (SWAP) and External Audit (Grant Thornton), including quarterly progress reports.
- Council approves the annual budget and approves the Capital Strategy, Investment Strategy and Treasury Management Strategy, following recommendations from the Audit Committee.
- Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the management.
- The Annual Internal Audit Opinion for 2020/21, in respect of the areas reviewed during the year, was High Reasonable Assurance.
- The Council's Financial Rules and Contract Rules are kept under review and revised periodically.
- Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP or Grant Thornton are also reviewed.

5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2020/2021

When preparing its 2019/2020 statement the Council identified a number of areas which required focus and attention. Progress by the end of March 2021 is detailed in the table below:

	Key Area of Focus	Proposed Actions	Progress
1.	Corporate Plan	• Develop Corporate Plan, to underpin Corporate Strategy • Development of new performance management framework, including Service Delivery Plan and Key Performance Indicators linked to new Corporate Plan.	• Complete, approved by Council September 2020 • A revised set of performance indicators with a new style of performance report has been established
2.	Ubico Ltd	• A review to be carried out of the current governance arrangements with Ubico Ltd. And how this can be strengthened.	• Audit Committee received an update on Ubico governance arrangement and the updated Ubico Business Plan in January 2021. Regular Meetings between Council and Ubico Officers and the Cabinet Member have been implemented.
3.	Impact of Covid-19	• Learn from Covid-19 response and take forward best practice into future governance arrangements. • Support the economic and community recovery of the Cotswold District, ensuring that the environment and addressing the climate emergency are intrinsically linked with all recovery work. • Keep the Covid-19 related financial impact on the Council	• Officers are continuing to work in partnership with communities building upon the relationships established during the response to Covid-19 • Recovery Investment Strategy and Green Economic Growth Strategy approved.

		under review and produce revised MTFS mid-year.	• Revised budget for 2020/21 approved September 2020, updated MTFS approved February 2021
4.	Capital Investment Strategy	• Development and implementation of a new Investment Strategy for community and economic recovery and regeneration, to support corporate priorities including addressing the climate change emergency and provision of social housing.	• Recovery Investment Strategy approved September 2020. Implementation to be carried forward to action plan for 2021/22.
5.	Audit recommendations	• Ensure outstanding audit recommendations (including where timescales were affected by Covid-19) are addressed and revised timescales agreed.	• Outstanding recommendations are being reviewed and overseen by the Corporate Governance Group to ensure target dates remain relevant and are being met.
6.	Procurement	• The Internal Audit Procurement review focussed on the processes undertaken on behalf of Publica for the partner Councils. A number of weaknesses were identified and, although some progress has been made, further improvements are required.	• A Commissioning and Procurement Board has been established to oversee Council contracts ensuring that a commissioning review is carried out to inform procurement activity. • A further internal audit review of contract monitoring will be carried out in 2021/22.
7.	Business Continuity	• Review all business continuity plans in the light of the Covid-19 experience, working with the Local Resilience Forum and the Civil Protection Team to review our BCP template and Corporate Recovery Guide.	• Ongoing response to the pandemic has been the highest priority for the Business Recovery Team.
8	Corporate Peer Challenge	• Respond to the recommendations of the Corporate Peer Review	• The new Chief Executive position has been filled, and a new Cabinet Support Officer has been appointed. In addition a Leadership Development Programme has been implemented which includes Publica officers, the Council's Chief Executive and Deputy Chief Executive. The Council is continuing to make progress with some of the recommendations, including programme and project management and a reboot of the transformation programme.

The Annual Internal Audit Opinion, as drafted by the SWAP Assistant Director (Head of Internal Audit), lists 32 pieces of audit work being conducted during 2020/21, which includes consultancy and advisory services. 13 assurance reviews were completed during the year.

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

6. GOVERNANCE ACTION PLAN FOR 2021/2022

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

No.	Key Area of Focus	Planned Actions
1.	Audit recommendations: Managers to ensure compliance with agreed timescales to implement recommendations.	• Level 1 & 2 recommendations to be monitored and reported quarterly to Audit Committees. Managers to give feedback where there has been an unacceptable delay. • All recommendations to be reported quarterly to Council Management Team. Managers to give feedback where there has been an unacceptable delay.
2.	Procurement and contract management.	• Compliance with new strategy for procurement and contract management. • Ensure all contract conditions are being monitored and fulfilled. • Financial management training to cover procurement and commissioning.
3.	Constitution and schemes of delegation.	• Schemes of delegation to be updated. • Training to be provided where appropriate for Officers given delegated authority. • A training programme for Members to be developed.
4.	Operational Risks.	• Operational risk registers to be reviewed quarterly with emerging high level risks escalated to strategic/corporate register.
5.	Responsibility and accountability of the Council's Senior Leadership Team and Publica Management Team	• Clarify and embed responsibility and accountability between the Council's Senior Leadership Team and Publica's Management Team. • Clarify responsibility and accountability of Publica Officers.
6.	Budget management	• Review of approvers on 'Business World' to ensure only the approved budget holder (or line manager) is able to approve spending. • Financial management training to cover budget management.
7.	Project and programme management.	• New framework for project and programme management to be rolled out. • High level project risks to be escalated to Strategic/Corporate register.

8.	Health and safety.	• Health and safety audits to be refreshed as we come out of 'lockdown' and staff return to office working. • Fire Risk Assessments to be refreshed as we come out of 'lockdown' and staff return to office working.

7. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

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

Signed on behalf of Cotswold District Council:

Joe Harris
Leader of the Council

Date: 05.04.22

Robert Weaver
Chief Executive

Date: 05.04.22

(END)

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Cotswold District Council (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cashflow Statement, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities (set out on page 10), the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003, and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.
- We enquired of senior officers and the Audit Committee concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  – Journals processed by senior finance officers, as we would not expect them to be involved in the normal day to day operations of the general ledger
  – Journals with a blank description, as this could indicate that there is not a legitimate reason for posting a journal.
- Our audit procedures involved:
  – evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
  – journal entry testing, with a focus on any journals posted by senior finance officers and those with a blank description;
  – challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pensions liability valuations;
  – assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, investment property and defined benefit pensions liability valuations and did not identify areas of non-compliance.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  – understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  – knowledge of the local government sector
  – understanding of the legal and regulatory requirements specific to the Authority including:
    – the provisions of the applicable legislation
    – guidance issued by CIPFA/LASAAC and SOLACE
    – the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  – the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  – the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

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

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

We cannot formally conclude the audit and issue an audit certificate for Cotswold District Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report'

- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Barber

Peter Barber, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

5 April 2022

Glossary

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

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

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

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

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

Appointed Auditors
The Local Audit and Accountability Act 2014 includes a statutory requirement that a local Authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2018/19, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSSA) for Local Government Authorities that have opted into its national scheme. Grant Thornton UK LLP is the Council's appointed auditors for the period 2018/19 to 2022/23.

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

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

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

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

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

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

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

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

Contingent Liability
A contingent liability is either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue Expenditure Funded by Capital Under Statue (REFCUS)
Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

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

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

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

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

CIPFA (Chartered Institute of Public Finance and Accountancy)
CIPFA is the professional institute for accountants working in the public sector and the body that publishes the Code of Practice.

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

IPSAS (International Public Sector Accounting Standards)
IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

MHCLG (Ministry of Housing, Communities and Local Government)

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