CHELTENHAM BOROUGH COUNCIL

Draft Statement of Accounts 2025/26

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Cheltenham Borough Council

Who are we and what do we do?

Cheltenham is a world-renowned cultural destination and rated one of the best places to live in the UK. Building on our successes, our investments into the Golden Valley Development - a pioneering scheme which will include a national cyber innovation centre - aim to cement our position as the cyber capital of the UK and extend Cheltenham's presence in the global economy as the safest place to do business online. As well as providing high-quality and affordable homes and spaces for business and academia, this development will also play a key role in reducing carbon and encouraging biodiversity.

But the scale of our unique ambition has been set against a backdrop of global instability, the recent conflict in Iran, a national cost of living crisis and the still recent pandemic. All of these factors mean that our communities are facing real adversity, where being able to feed a family and keep them warm are a real and increasing challenge. As a council we continue to work now and, in the months, and years ahead to deliver practical support to our residents, businesses and communities.

As we look beyond the difficult financial and economic pressures that we face, we are clear in our future ambition for Cheltenham. We're setting a higher standard for ourselves, and our town, to build a better future for everyone in Cheltenham, ensuring that everyone who lives and works here can equally share the benefits of Cheltenham's successes.

The commitment the Council has to the town has been clearly apparent in the response to the turbulent economic conditions of the last four years. The instability across the country and locally here in Cheltenham, created a huge amount of financial uncertainty through the financial years 2022/23 and 2023/24 which seems to have stabilised in the last 2 financial years.

The long term financial impact on the council will continue to be closely monitored and reported throughout 2026/27 and beyond to ensure the Council has robust arrangements in place to respond to any future impacts on our funding or resource requirements.

Each year, the S151 Officer of the Council considers at budget setting if there are adequate resources to avoid a potential S114 notice having to be issued during the year financial year or in the future. This is done by considering the level of available reserves, the robustness of estimates and considering financial risk. The Council also closely monitors its use of resources throughout the financial year. When setting the budget for both 2025/26 and 2026/27 the S151 Officer considered all of the available information to them and concluded that estimates were robust and that reserves (both general fund and earmarked reserves) adequately covered financial risk. This demonstrates that consideration has been given both within the financial year but also into the future.

Who are Cheltenham Borough Council?

The Council is the decision making body at Cheltenham Borough Council. Local Councillors are elected by the community to decide how the council should carry out its various activities. They represent public interest as well as individuals living within the ward in which he or she has been elected to serve a term of office. They have regular contact with the general public through council meetings, telephone calls and some Councillors may hold surgeries. Surgeries provide an opportunity for any ward resident to go and talk to their Councillor face to face.

The council has 40 elected members representing twenty wards within the Cheltenham Borough. There are also five parish councils within the borough. Elections are held every two years, when 50% of the seats are offered for re-election. The most recent election was held in May 2024 when all seats were re-elected after recent boundary changes in the borough. No Borough elections took place in the financial year, aside from a by-election for one seat.

The political make-up of Cheltenham Borough Council at 31 March 2026 was:

Liberal Democrat Party	36 councillors
Green Party	3 councillors
People Against Bureaucracy Party	1 councillor

The Liberal Democrat group therefore had an overall majority on the Borough Council for this period. Supporting the work of councillors is the organisational structure of the council, headed by the Leadership team, led by the Chief Executive. This position is held by Gareth Edmundson.

During 2025/26 the Executive comprised of the Chief Executive, a Corporate Director who also fulfils the role of Monitoring Officer (Claire Hughes) and a Deputy Chief Executive who was also the statutory section 151 officer (Paul Jones). Sadly, the Deputy Chief Executive and Section 151 officer, Paul Jones passed away during the Financial year. This statutory role was filled on an interim basis by Adele Taylor, with Claire Hughes taking over as the Deputy Chief Executive.

Who has overall responsibility at Cheltenham Borough Council?

Cheltenham has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions. Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution.

In 2025/26, the Cabinet consisted of the Leader, a Deputy Leader and a Cabinet of seven Members as follows:

Leader of the Council	Councillor Rowena Hay
Deputy Leader of the Council and Cabinet Member for Finance and Assets	Councillor Peter Jeffries
Cabinet Member for Housing and Customer Services	Councillor Flo Clucas
Cabinet Member for Safety and Communities	Councillor Victoria Atherstone
Cabinet Member for Waste, Recycling, Parks, Gardens and Greenspace	Councillor Paul Baker
Cabinet Member for the Climate Emergency	Councillor Richard Pineger
Cabinet Member for Planning and Building Control	Councillor Mike Collins
Cabinet Member for Economic Development, Wellbeing, Culture and Public Open Space	Councillor Izaac Tailford
Cabinet Member for Major Developments and Housing Delivery	Councillor Alisha Lewis

When major decisions are to be discussed or made, these are published in the Cabinet's Forward Plan in so far ahead as they can be anticipated. If these decisions are to be discussed with council officers at a meeting of the Cabinet, this will generally be open for the public to attend except where personal or confidential matters are being discussed.

Supporting the work of councillors is the organisational structure of the council, Members of the council also nominate a Councillor each year to take on the roles of Mayor and Deputy Mayor.

The Mayor and Deputy Mayor for 2025/26 were:

Mayor	Councillor David Willingham
Deputy Mayor	Councillor Martin Horwood

Full details of all the council's committees, including chairs and membership can be found on the council's website at www.cheltenham.gov.uk.

The Council's Corporate Plan for 2025 – 2028

Our corporate plan 2025 to 2028 sets out our priorities and future ambition for Cheltenham, which will help to ensure that everyone who lives and works here can equally share the benefits of Cheltenham's successes.
Our decision to bring housing services back into the council has given us an opportunity to review our existing corporate plan. We want to ensure our priorities and activities reflect our additional responsibilities, not only as a housing provider, but as landlord to the tenants and leaseholders who live in our properties.

Over the next three years we will focus on five key priorities:

Key Priority 1 - Securing Our Future	As the home of GCHQ, we will build on Cheltenham's place as the capital of cyber and security to generate growth. Our mission will be to work in partnership to create good jobs and productivity growth that will make everyone in Cheltenham better off and also deliver benefits for Gloucestershire and the wider region. We will play our part in breaking down barriers. Through our partnerships and social value programmes, we will bring opportunity for all and support our residents to develop the skills and talent they need to benefit from our growing tech and security industry. **What we will do over the next three years** **Our aims:** Moving forward with the delivery of the Golden Valley development is essential to creating lasting growth for our borough. We want local people to have access to good jobs, skills and training opportunities, which will ultimately support all our local businesses. We are also ambitious about maximising the social value benefits from this development. With our partners we are already delivering social value activities, but we have further plans to ensure we secure social value benefits into the long term. We also want to support our wider local economy and will continue to work with Cheltenham BID, our businesses, and our partners in the hospitality and tourism sectors, at a local, regional, national and international level to promote Cheltenham as a place to live, work, visit, meet, and invest. **Our actions:** • By the end of year 1 of this plan we will begin the phase 1 construction process of the Golden Valley development, which will deliver the Innovation Centre, Mobility Hub and infrastructure. • By the end of year 1 of this plan we will agree clear social value targets with the main contractor for phase 1 construction, which we will track and report on.

	• By the end of year 1 of this plan we will commence marketing parcels of land to housing developers to bring forward the residential element. • In year 1 of this plan, we will work in partnership with Gloucestershire County Council and other authorities to develop a Local Growth Plan for Gloucestershire and, in future years, we will support with delivery of the objectives and outcomes. • By the end of year 2 of this plan we will create a Social Value Charter, which will form part of the lease for all Golden Valley occupiers and tenants. • By the end of year 3 of this plan we will commence construction of other commercial buildings on the development. • We will continue to promote Cheltenham as a vibrant and attractive destination for visitors and for businesses through our dedicated Visit Cheltenham and Moving to Cheltenham websites. • We will deliver a range of activities in partnership with Cheltenham BID and others to support the local economy. **Supporting key performance indicators:** • Employment rate • Jobs created through Golden Valley development • Innovation Centre tenants with no previous presence in Cheltenham • Social value benefits – activities delivered; value quantified where possible • Direct visitor spend • Vacancy rates in council-owned investment properties
Key Priority 2 – Quality homes, safe and strong communities	We will make best use of our existing housing stock, deliver more homes and increase the number available for social rent. We will ensure these homes are matched to local housing needs to reduce homelessness and rough sleeping. We will ensure that all Cheltenham Borough Council homes are high quality and safe, aiming to set the standard by which all local housing providers and private landlords should follow. As one team, we will create a new integrated offer alongside partners to build positive connections with all our communities, make people feel safer and improve our neighbourhoods, public spaces and town centre. **What we will do over the next three years** **Our aims:** Everyone should expect to live in a decent and safe home and, for our tenants and leaseholders, we will ensure we deliver this through our housing improvement programme and our housing investment plan. Our housing improvement programme will deliver on our mission for housing services; “Together with our tenants we provide safe, secure and well-maintained homes that help everyone reach their potential”, ensure we meet our obligations as a social

	housing landlord and achieve the five consumer standards introduced by the Regulator for Social Housing. These standards are the: • Safety and Quality Standard: we must provide safe and good-quality homes for our tenants and good quality landlord services. • Transparency, Influence and Accountability Standard: we must be open with tenants and treat them with fairness and respect. • Tenancy Standard: we must ensure a fair allocation and letting of homes and manage our tenancies well. • Neighbourhood and Community Standard: we must engage with partners, which may include the Police, voluntary sector and charities, so that our tenants can live in safe and well-maintained neighbourhoods and feel safe in their homes. • Competence and Conduct Standard: all our social housing staff should have the skills, knowledge and experience to provide tenants with a quality and respectful service. The Council currently owns over 5,000 residential properties which are mix of social rented, leasehold and shared ownership homes. We know we need to have a full understanding of all our properties, and are undertaking a comprehensive stock condition survey programme, so we can make improvements where needed and provide the standard of housing our tenants and leaseholders deserve. We also know that more affordable homes are needed for local people. To help meet this need we will continue delivery of our housing investment plan and develop a housing asset management strategy to ensure the homes we provide meet future needs. As part of this we will aim to achieve an average of 35% affordable housing from all qualifying residential development brought forward across the borough. We will ensure that our partnership working to deliver the neighbourhood and community standard brings benefits for everyone who lives in Cheltenham, so that all our residents can live in safe neighbourhoods, feel safe in their homes and feel safe to enjoy everything Cheltenham has to offer. We will also set standards through the Cheltenham, Gloucester and Tewkesbury Strategic and Local Plan to ensure quality homes, safe and strong communities are delivered into the future. **Our actions:** • By the end of year 1 of this plan we aim to put all the requirements in place to be C2 compliant under the housing regulator's consumer standards ratings • By the end of year 1 of this plan we will complete a stock condition survey of all our residential properties. • In year 2 of this plan, we will complete development of our first housing asset management strategy. • By the end of year 3 of this plan all senior housing staff will achieve a relevant housing qualification. • By the end of this plan, we will complete our housing improvement programme and aim to have all the requirements in place to achieve a C1 rating. • Over the next three years we will continue our housing investment plan and will deliver a net gain in the number of council properties available for rent, ensuring new homes reflect local needs.

	• Over the course of this plan, we will develop a Cheltenham, Gloucester and Tewkesbury Strategic and Local Plan in line with the published local development scheme timetable. • Over the course of this plan, we will work with other parties including developers, government departments and agencies (eg Homes England) to achieve our aim of delivering an average of at least 35% affordable housing from qualifying residential development in the borough. • We will retain our Purple Flag status for managing our evening and nighttime economy. **Supporting key performance indicators:** • Tenant and leaseholder satisfaction • Housing complaints • Percentage of council homes meeting the decent homes standard • Number of households on the housing waiting list • Main homelessness duty accepted • Affordable homes delivered as a percentage of all qualifying residential development in the borough • Level of antisocial behaviour
Key Priority 3 – Reducing carbon, achieving council net zero, creating biodiversity	We will continue to decarbonise council buildings, homes and the way we work, striving to achieve net zero by 2030. We will maximise opportunities to retrofit our council homes and buildings to reduce carbon, make them warmer and reduce the cost of bills. And we will provide support to our residents and businesses to help them to do the same. We will drive increased biodiversity in our borough and fully utilise our planning system to encourage developers to enhance our natural environment, mitigating the impact of new buildings. What we will do over the next three years **Our aims:** As a town, we are rightly proud of all our parks and green spaces. We have many different wildlife habitats in our borough, some of which are significant and protected spaces, and the town also has a long and distinguished history of tree cover. It is vital we manage our spaces to protect and enhance biodiversity and approach development in a way which leaves the natural environment in a measurably better state. Our Climate Emergency Action Plan sets our overall roadmap for reducing carbon emissions to achieve net zero and we will continue to deliver actions identified in the plan. In particular, we have opportunities through the Golden Valley development and our housing investment programme to deliver new low and zero carbon buildings in our borough. We also have an outline decarbonisation plan for retrofitting our social housing and will explore external funding options to make progress on this.

	The integration of our housing services also means our fleet of vehicles has grown significantly, and we will look at how we can reduce the carbon emissions associated with this. **Our actions:** • By the end of year 1 of this plan we will publish our first Biodiversity Duty report. • By the end of year 1 of this plan we will prepare a tree strategy, which will establish policies for the management of tree stock owned by the Council, feed into local planning policy and help deliver against our climate commitments. • By the end of year 1 of this plan we will produce an action plan for Suitable Alternative Natural Greenspace, meeting our obligations to the Cotswolds Beechwoods Special Area of Conservation. • By the end of year 2 of this plan we will complete construction of the Innovation Centre at Golden Valley, which will be a low carbon building. As tenants move in, we will monitor operational carbon emissions and track this against our zero-carbon goal. • By the end of year 2 of this plan we will complete decarbonisation assessments of the key operational buildings owned by the Council. • In years 2 and 3 of this plan we will report on the actions we have taken to fulfil our biodiversity duty. • We will fulfil our biodiversity net gain (BNG) obligations within the planning system. • We will use our housing investment programme to build low or zero carbon new homes. • We will accelerate retrofit of our social housing as funding becomes available. • Over the term of this plan, we will transition the council's fleet to electric vehicles where there are viable options and explore interim measures where viable options are not currently available. **Supporting key performance indicators:** • Biodiversity Net Gain (BNG) secured • Council carbon footprint • Number of operational properties assessed for decarbonisation • Percentage of council housing stock retrofitted with carbon reduction measures • Percentage of electric vehicles within fleet
Key Priority 4 – Reducing inequalities, supporting better outcomes	We will use our sport, leisure, arts and cultural assets to provide opportunities for everyone to be happier, healthy and more active. We will build on our heritage as a globally recognised cultural and festival town to encourage more people to take part in culture. We will invest in our leisure and sports facilities to broaden participation.

	We will work together with our NHS, social care and police partners encouraging greater investment in activities that reduce pressure on our health system and reduce the incidence of crime and disorder. **What we will do over the next three years** **Our aims** Opportunities to be healthy and active should be available to everyone, whether that's through simply spending time in our green spaces or through participation in sport, leisure or culture. Our leisure and culture assets and services are our key vehicle for providing accessible opportunities for everyone and we need to safeguard these for the future. To effect meaningful change more broadly on the inequalities agenda, and to ensure we support work on prevention of crime and disorder, we know that we must continue to work with both our public sector partners, and with other organisations through No Child Left Behind. We also have a role to play in supporting groups and organisations working to make a practical difference within their local communities. **Our actions** • In year 1 of this plan we will review and revise our policies for managing the community assets owned by the Council. • Over the next three years we will develop a long-term strategy for leisure and culture and start the process of re-procuring our leisure and culture services to safeguard these services for the long term. • Over the next three years, we will track the level of investment made by our partners in our services and initiatives. • Over the next three years we will continue to provide grant funding, agreeing clear measures of success with grant recipients to ensure this funding is directed to best effect. **Supporting key performance indicators** • Level of investment made in our leisure and culture assets and services by us and by funding bodies • Donations and sponsorship received by the No Child Left Behind initiative • Number of programmes and initiatives supported by No Child Left Behind • Global visitor numbers to our leisure and culture assets • Number of concession memberships taken out at Leisure at Cheltenham

	• Free participation events held by our leisure and culture service provider
Key Priority 5 – Taking care of your money	We will always strive to deliver high quality services that meet your needs as efficiently as possible. We will continue to look for ways in which we can capitalise on innovation or new technology to improve customer experience and make your money go further. We will take a commercial and prudent approach to managing our budgets and investments to ensure we remain financially stable and resilient and to secure the long-term financial sustainability of our funding and budgets. **What we will do over the next three years** **Our aims** Ensuring we balance our budgets and work towards becoming a financially sustainable council is essential to the delivery of this priority. We will also make sure that the Community Infrastructure Levy (CIL) we collect from new developments in Cheltenham, which is ringfenced by national legislation for infrastructure, is spent wisely on both local neighbourhood schemes and broader strategic schemes. We recognise, too, that the prospect of local government reorganisation means we must take account of this in some of our decision-making. **Our actions** • By the end of year 1 of this plan we will complete the sale of the Municipal Offices and our share of Gloucestershire Airport, generating capital receipts for investment in service delivery. • Over the course of this plan, we will reduce the budget gap year-on-year over the medium-term financial strategy period. • By the end of this plan, we will relocate to alternative accommodation, which improves services for residents and is more efficient to run. • By the end of this plan, we will rebuild the Housing Revenue Account balance back to the target of £1.5m. • We will continue to work with our partners Gloucester and Tewkesbury, through the Community Infrastructure Levy Joint Committee, to ensure funding is appropriately allocated to both neighbourhood and strategic schemes. We will also oversee the schemes and be responsible for appropriate monitoring and governance of the funding awarded. • We will engage with all our Gloucestershire partners on progressing the aim of moving to a new operational depot site to deliver waste and recycling and other environmental services.

	Supporting key performance indicators • Annual level of general balances • Percentage savings achieved against agreed budget • Business rates collection rate • Council tax collection rate • Rent and service charge collection rates • Operating margin of the Housing Revenue Account • Number of initiatives supported by the Community Infrastructure Levy

Working with partners

The council puts a strong focus on working together with partners across the Cheltenham family to deliver on these and other joint outcomes for our residents, communities, staff and service users. Among these are:

- Ubico Limited – a company jointly owned by Cheltenham and seven other Local Authorities responsible for delivering environmental services across Gloucestershire;
- The Cheltenham Trust - an independent charitable trust, contracted to supply leisure and cultural related services to Cheltenham Borough Council via a management agreement;
- The Cheltenham Business Improvement District - delivers a range of projects that benefit businesses in the town centre, including the High Street, The Promenade, Montpellier and The Brewery Quarter;
- One Legal – the shared legal service between Cheltenham, Tewkesbury, Gloucester City and Stroud District Councils;
- Publica Group Limited – a company owned jointly by Cheltenham and three other District councils to provide shared services from a common platform; and
- South West Audit Partnership – a company operating across the South West region commissioned to provide our internal audit services.

Introduction to the financial statements

The purpose of this narrative report is to provide an explanation of the council's financial performance and position for 2025/26 and assist in the interpretation of the accounting statements, including the Group Accounts. The statements should inform readers of the cost of services provided by the council in the year 2025/26 and the council's assets and liabilities at the year end.

The accounts for the year ending 31 March 2026 have been prepared and published in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates International Financial Reporting Standards (IFRSs), ensuring the accounts are compliant with these standards. The following main statements and notes are included:

Statement of Responsibilities for the Statement of Accounts	Sets out the respective responsibilities of the council and the Section 151 Officer for the accounts.
Statement of Accounting Policies (note 1 to the notes to the accounts)	This explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. It includes the basis of charges to revenue and the calculation of items in the Balance Sheet.
Comprehensive Income and Expenditure Statement supported by the Expenditure and Funding Analysis note	The Comprehensive Income and Expenditure Statement shows the cost in the year of providing services, in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis reconciles this to the amount chargeable to General Fund and Housing Revenue Account reserves in the year.
Balance Sheet	This summarises the overall financial position of the council at the year end, showing its assets, liabilities and reserves.
Movement in Reserves Statement	This details the movement in the council's reserves during the year.
Cash Flow Statement	This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Group Accounts	These bring together the accounts of Cheltenham Borough Council, Cheltenham Borough Homes Limited and the council's share of the net assets of Gloucestershire Airport Limited.
Housing Revenue Account (HRA)	A separate account, required by law, which shows income and expenditure associated with the provision of council housing.
Collection Fund	Reflects the statutory requirement to maintain a separate account showing transactions in relation to non-domestic (business) rates and council tax, indicating how the amounts collected are distributed to the Government, Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and Cheltenham Borough Council.
Annual Governance Statement	This sets out how the council is meeting its obligations and the improvements it intends to make to its systems of internal control and corporate governance arrangements.

These accounts are supported by notes to the accounts and a glossary of terms to provide readers with further information.

THE COUNCIL'S FINANCIAL PERFORMANCE IN THE YEAR AND ITS POSITION AT THE YEAR END

General Fund Revenue Budget

The Council's General Fund recorded a net underspend of £16,159 for the year ended 31 March 2026 against the revised budget. This favourable outturn has been transferred to General Fund balances and has reduced the planned use of reserves during the year.

The outturn position is reported against the revised budget approved by Full Council in February 2026 as part of the 2026/27 budget-setting process. At that time, it was anticipated that £662,000 would be required from General Fund reserves, compared with the original budget assumption that £560,000 would be added to reserves. The in-year underspend has reduced the overall use of reserves to £646,000.
As a result, the General Fund balance at 31 March 2026 stands at £1.459 million. The Medium-Term Financial Strategy includes plans to increase this balance by approximately £316,000 during 2026/27, subject to the delivery of approved savings totalling £1.054 million and the successful management of any emerging financial pressures.

Alongside the General Fund balance, the Council maintains a number of earmarked reserves to support specific future commitments, manage financial risks and fund approved projects and initiatives. During 2025/26, a total of £1.336 million was transferred into earmarked reserves, including £379,000 relating to approved budget carry forwards where expenditure is expected to occur in future financial years.
During the year-end closure process, the Section 151 Officer reviewed requests to carry forward unspent revenue budgets where expenditure remains committed but delivery has been delayed. These arrangements ensure that resources remain available to support approved service delivery objectives. Any additional carry forward requests are subject to approval by Full Council through the annual financial outturn process.

REVENUE OUTTURN 2025/26		Current Budget 2025/26 £	Actual 2025/26 £	(Under)/Overspend 2025/26 £
DIRECTORATES:				
Chief Executive	(i)	3,255,018	3,334,197	79,179
Finance, Assets and Regeneration Directorate	(ii)	7,816,411	7,532,405	(284,006)
Communities and Place Directorate	(ii)	13,312,265	13,189,946	(122,319)
Net Expenditure on Services		**24,383,694**	**24,056,548**	**(327,146)**
Capital Charges		(3,865,790)	(3,823,135)	42,655
Interest payable and receivable		(1,709,465)	(1,592,178)	117,287
Use of balances and reserves		903,407	903,407	-
Total net expenditure		**19,711,846**	**19,544,642**	**(167,204)**
Total Funding		**(19,610,336)**	**(19,459,290)**	**151,046**
Outturn		**101,510**	**85,352**	**(16,159)**

(i) Includes Corporate Management, Democratic Services, ICT and Support Services

(ii) Includes Finance & Assets, Pensions backfunding, Housing Benefits, Revenues (council tax and business rates collection), Building and Major Developments, Car parking, Elections, Bereavement services and Homelessness

(iii) Includes Community Engagement, Planning, Climate Change, Economic Development and Marketing Cheltenham, Parks & Gardens, Public Protection

Housing Revenue Account (HRA)

The Housing Revenue Account recorded an in-year surplus of £141,669 for the year ended 31 March 2026. The HRA remains financially sustainable and continues to provide resources to support the maintenance, improvement and development of the Council's housing stock..

Capital Expenditure

In 2025/26 the council spent £34.567 million on capital projects, grants and loans, across the general fund and the Housing Revenue Account capital programmes. Key expenditure on capital schemes include:-

	£ '000
Residential Property Improvements & Major Repairs	15,679
Residential property acquisitions & New Builds	12,196
National Cyber Innovation Centre Delivery	430
Waste & Recycling Vehicles and Equipment	3,331
Disabled Facility Grants (Incl. Warm & Well)	1,261

The council plans to continue to fund capital from a range of sources including revenue reserves, developer contributions and capital receipts, and will make further use of prudential borrowing to support the council's major capital schemes where it is both prudent and affordable.

Cash Management

Throughout 2025/26 the Council has continued to manage its cash flows, investments and borrowings to ensure sufficient resources were available to meet our commitments. The Council's strategy was to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

As such, short term investments and borrowing are used to ensure strong returns whilst also balancing the availability of cash, particularly during the pandemic when there was greater uncertainty about potential commitments.

Significant Liabilities

Based on the IAS 19 report received from the Council's actuary, the pension liability decreased during 2025/26 by £9.937m from an asset of £46.075m to an asset of £55.472m. This is in part due to the Council's strategy implemented since 2020/21 to make an upfront payment of secondary employer pension contributions, providing greater value from our treasury management activity but also the impact of favourable investment decisions during 2025/26 and the combining of the Council's fund with Cheltenham Borough Homes at the point of TUPE transfer in July 2024.

This is the second consecutive year that a pension asset has been created. In the preparation of the Statement of Accounts, an asset ceiling report was once again commissioned to allow management to assess how the balance should be recognised and disclosed in the accounts. Based on the information in this report, the pension asset has been adjusted by the expected net asset once agreed past service contributions have been paid. This is because in line with IAS 19 a surplus or asset should represent the present value of the defined benefit obligation less the fair value of plan assets.

Reserves and Balances

In assessing the adequacy of reserves and balances as part of the 2026/27 budget, the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.500m. At the year end, the General Fund Balance stands at £1.459m and therefore is below the optimum level recommended by the Section 151 Officer at year end.

Accepting that continuing pressures from inflation and interest rates could leave the Council exposed without clear decision-making in delivering a balanced budget, action has been taken in the 2026/27 budget to increase the robustness of the reserves through a transfer of £315k to general balances. This brings the expected general balance reserve to the adequately assessed level.

Members will need to be mindful that there may be an expectation to further strengthen these reserves in order that the Council is robustly covered against further financial pressures which may emerge through recovery or future changes to local government financial support. With uncertainty continuing over central government support in the form of direct grant and uncertainty over the long term impact of the cost of living crisis it may be the case that that some difficult choices need to be made in respect of service provision.

Changes in accounting policies and estimates

The council has reviewed its accounting policies during the year and revised them as necessary in accordance with the 2025/26 Code of Practice in Local Authority Accounting. The policies are detailed in note 1 to the accounts (pages 24 to 42) and any changes in accounting policies are detailed in note 2 on page 37.

FURTHER INFORMATION

Further information about the accounts is available from the Deputy Chief Executive, Cheltenham Borough Council, Municipal Offices, Promenade, Cheltenham GL50 9SA. This is part of the council's policy of providing full information about the council's affairs.

In addition interested members of the public have a statutory right to inspect the accounts during a 'period for the exercise of public rights' before the audit is completed. The accounts are available for inspection by appointment between 2 July 2026 and 6 August 2026 at the Municipal Offices, and local government electors for the area could exercise their rights to question the auditor about, or make objections to the accounts for the year ended 31 March 2026, in writing, during this period.

ADELE TAYLOR FCPFA
SECTION 151 OFFICER

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES:

The council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Deputy Chief Executive who also undertakes the role of the Section 151 Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES:

The Section 151 Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code of Practice.

The Section 151 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 OF SECTION 151 OFFICER

I certify that the Statement of Accounts on pages 20 to 97 gives a true and fair view of the financial position of the council at the reporting date and its income and expenditure for the year ended 31 March 2026.

ADELE TAYLOR FCPFA
01 JULY 2026
SECTION 151 OFFICER

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost. The taxation position is shown both in the Expenditure & Funding Analysis and in the Movement in Reserves Statement.

2024/25 Gross expenditure £'000	2024/25 Gross income £'000	2024/25 Net expenditure £'000		2025/26 Gross expenditure £'000	2025/26 Gross income £'000	2025/26 Net expenditure £'000
3,566	(778)	2,788	Chief Executive	3,338	(107)	3,231
38,673	(32,922)	5,751	Finance, Assets & Regeneration (Formerly Finance and Assets Directorate)	45,506	(29,818)	15,688
21,858	(8,649)	13,209	Communities & Place (Formerly People and Change Directorate)	22,081	(8,476)	13,605
22,627	(25,585)	(2,958)	Housing Revenue Account (HRA)	22,046	(26,539)	(4,493)
86,724	**(67,934)**	**18,790**	**Cost of Services**	**92,971**	**(64,940)**	**28,031**
665	(1,326)	(661)	Other operating expenditure *(note 7)*	523	(2,214)	(1,691)
9,035	(6,155)	2,880	Financing and Investment (income) and expenditure *(note 8)*	13,424	(5,995)	7,429
23,642	(57,599)	(33,957)	Taxation and non-specific grant (income) and expenditure *(note 9)*	25,411	(58,992)	(33,581)
120,066	**(133,014)**	**(12,948)**	**(Surplus) or Deficit on the provision of services**	**132,329**	**(132,141)**	**188**
			Items that will not be reclassified to the (Surplus) or Deficit on the provision of services			
		(16,206)	(Surplus) or Deficit on revaluation of non-current assets			899
		(4,910)	Remeasurement of the net defined benefit liability / (asset) *(note 32)*			(14,047)
		-	(Surplus) or deficit on revaluation of equity instruments carried at Fair Value though Other Comprehensive Income			-
		(21,116)	**Other Comprehensive (Income) and Expenditure**			**(13,148)**
		(34,064)	**Total Comprehensive (Income) and Expenditure**			**(12,960)**

The notes are shown on pages 24 to 92.

BALANCE SHEET

This statement shows the value as at the balance sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category is usable reserves i.e. those reserves that the council may use to provide services, these being subject to the need to maintain a prudent level and constrained by statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

The second category of reserves comprises those that the council is not able to use to provide services. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts only become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movements in Reserves Statement Line 'Adjustments between accounting basis and funding basis under the regulations.'

31 March 2025 £'000		Note	31 March 2026 £'000
507,956	Property, Plant & Equipment	18	511,501
43,022	Heritage Assets	19	44,442
62,297	Investment Property	22	57,909
1,228	Intangible Assets		1,052
8,896	Long Term Investments	24	9,086
18,091	Long Term Debtors	24	19,970
641,490	**Long Term Assets**		**643,960**
61	Short term Investments		64
1,516	Assets held for sale	20	-
105	Inventories		147
17,370	Short term Debtors	25	19,201
567	Cash and cash equivalents	26	2,078
19,619	**Current assets**		**21,490**
-	Bank overdraft	26	-
(55,984)	Short term borrowing	24	(78,934)
(17,791)	Short term creditors	27	(9,803)
(345)	Grants receipts in advance - capital	15	(345)
(1,166)	Grants receipts in advance - revenue	15	(2,033)
(680)	Provisions	28	(527)
(75,966)	**Current Liabilities**		**(91,642)**
(145)	Provisions	28	(140)
(149,716)	Long term borrowing	24	(140,130)
(2,803)	Grants receipts in advance - capital	15	(2,127)
(80)	Grants receipts in advance - revenue	15	(80)
(18,439)	Other long term liabilities	24	(4,410)
(171,183)	**Long term liabilities**		**(146,887)**
413,960	**Net Assets**		**426,921**
(16,783)	Usable Reserves	30	(27,574)
(397,177)	Unusable Reserves	31	(399,347)
(413,960)	**Total Reserves**		**(426,921)**

The notes are shown on pages 24 to 92. Signed ………….……………. Adele Taylor, FCPFA; Section 151 Officer

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year of the different reserves held by the council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

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 (or rents) for the year. The net increase or decrease line shows the statutory general fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2024	**950**	**3,220**	**4,170**	**935**	**3,308**	**-**	**3,551**	**11,963**	**367,933**	**379,896**
Movement in Reserves during 2024/25										
Total Comprehensive Income and (Expenditure)	9,995		**9,995**	2,953				**12,948**	21,116	**34,064**
Adjustments between accounting basis and funding basis under regulations (Note 5)	(9,405)		**(9,405)**	(2,946)	(3,213)	-	7,436	**(8,128)**	8,128	**-**
Transfers to/from earmarked reserves (Note 30)	(290)	290	**-**	-	-	-	-	**-**	-	**-**
Increase / (decrease) in 2024/25	**300**	**290**	**590**	**7**	**(3,213)**	**-**	**7,436**	**4,820**	**29,244**	**34,064**
Balance at 31 March 2025	**1,545**	**3,509**	**5,054**	**647**	**95**	**-**	**10,987**	**16,783**	**397,177**	**413,960**
Movement in Reserves during 2025/26										
Total Comprehensive Income and (Expenditure)	(5,839)		**(5,839)**	5,651				**(188)**	13,148	**12,960**
Adjustments between accounting basis and funding basis under regulations (Note 5)	7,936		**7,936**	(5,510)	953	-	7,599	**10,978**	(10,978)	**-**
Transfers to/from earmarked reserves (Note 30)	(2,183)	2,183	**-**	-	-	-	-	**-**	-	**-**
Increase / (decrease) in 2025/26	**(86)**	**2,183**	**2,097**	**141**	**953**	**-**	**7,599**	**10,790**	**2,170**	**12,960**
Balance at 31 March 2026	**1,459**	**5,692**	**7,151**	**789**	**1,048**	**-**	**18,586**	**27,574**	**399,347**	**426,921**

The notes are shown on pages 24 to 92.

CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2024/25 £'000		2025/26 £'000
(12,958)	Net (surplus) or deficit on the provision of services	187
6,925	Adjust net surplus or deficit on the provision of services for non-cash movements (note 35)	(14,739)
5,512	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities (note 33)	9,472
(521)	**Cash (inflows) / outflows generated from operating activities**	**(5,080)**
22,574	Investing activities (note 34)	31,168
(16,959)	Financing activities (note 35)	(27,599)
5,094	**Net (increase) / decrease in cash and cash equivalents**	**(1,511)**
5,661	Cash and cash equivalents at beginning of the year	567
567	Cash and cash equivalents at end of the year (note 26)	2,078
(5,094)	**Net increase / (decrease) in cash and cash equivalents**	**1,511**

The notes are shown on pages 24 to 92.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the council's transactions for the financial year and its position at the end of the financial year. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 (as amended), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Government Accounting in the United Kingdom 2025/26 (The Code) supported by International Financial Reporting Standards (IFRS's), International Accounting Standards (IAS's) and statutory guidance.

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

The accounting policies of the council have as far as possible been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable.

1.2 ACCOUNTING CONCEPTS

Except where specified in the Code, or in specific legislative requirements, it is the council's responsibility to select and regularly review its accounting policies, as appropriate.

These accounts are prepared in accordance with a number of fundamental accounting principles:

- Relevance
- Reliability
- Comparability
- Materiality

Additionally three further concepts play a pervasive role in the selection and application of accounting policies:

Accruals of Income and Expenditure

The financial statements, other than the cash flow statement, are prepared on an accruals basis, i.e. transactions are reflected in the accounts in the year in which the activity to which they relate takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services, in accordance with the performance obligations in the contract and IFRS15 Revenue Contracts with Customers. These are fees and charges such as car parking fees, bereavement services fees, planning applications and building control fees.

- 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 payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- All income and expenditure is credited and charged to the Comprehensive Income and Expenditure Statement, unless it comprises capital receipts or capital expenditure.

Going Concern

The accounts are prepared on the assumption that the council will continue its operations for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to significantly curtail the scale of operations.

Primacy of legislative requirements

The council derives its powers from statute and its financial and accounting framework is closely controlled by primary and secondary legislation. Where legislative requirements and accounting principles conflict, legislative requirements take precedence.

1.3 EMPLOYEE BENEFITS

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as and salaries and wages, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the accounting year in which they were accrued. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the council can no longer withdraw the offer of any benefits.

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

Post-Employment Benefits

Employees of the council are members of the Local Government Pension Scheme, administered by Gloucestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council, and is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire pension scheme 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 earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on the adoption of the AA-rated corporate bond basis.

- The assets of the Gloucestershire pension fund attributable to the council are included in the balance sheet at their fair value on the following basis:
  - quoted securities – current bid value
  - unquoted securities – professional estimate of fair value
  - unitised securities – current bid price
  - property – market value.

- The change in the net pension liability is analysed into seven components:

  - Current service cost: the increase in liabilities as a result of the additional year of service earned - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

  - Past service cost: the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - charged to the Surplus or Deficit in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

  - Interest cost on defined obligation: the expected increase in the present value of liabilities during the year as they move one year closer to being paid - charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

  - Interest income on plan assets: the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

  - Gains/losses on settlements: the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – charged to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

  - Measurement of the net defined benefit liability: changes in the net pension 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.

  - Contributions paid to the Gloucestershire pension fund: cash paid as employer's contributions to the pension fund, in settlement of liabilities.

Statutory provisions limit the amount chargeable to council tax to that payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pension Reserve to remove the notional charges and credits for retirement benefits and replace them with the cash paid to the pension fund and any amounts payable to the fund 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 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.

1.4 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 reasonable 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 council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.
Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

<u>Community infrastructure levy</u>

The authority has elected to charge a community infrastructure levy (CIL). The levy is 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. The 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.

1.5 OVERHEADS AND SUPPORT SERVICES

The authority operates and manages its overheads (including telephones and printing costs) and corporate and support services separately and expenditure relating to these activities is reported to key decision makers as separate activities. These overheads are not therefore apportioned to services within the general fund. Overhead charges between the General fund and Housing Revenue services, however, continue to apply.

1.6 COUNCIL TAX AND NON-DOMESTIC RATES RECOGNITION

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 (ie the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for council tax and NDR
The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) 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 CIES 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.

1.7 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

1.8 NON-CURRENT ASSETS - RECOGNITION OF CAPITAL EXPENDITURE

The council recognises non-current assets when expenditure is incurred on assets:

- held for use in the production or supply of goods or services, rental to others, or for administrative purposes
- expected to be used for more than one financial period
- where it is expected that the future economic benefits associated with the asset will flow to the council
- where the cost can be measured reliably.

The initial cost of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.

- Any costs of dismantling and removing an existing asset and restoring the site on which it is located.

The cost of an asset acquired other than by purchase or construction is deemed to be its fair value, except where an asset is acquired via an exchange it is deemed to be the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between their fair values and any consideration paid is credited to the Taxation and Non Specific Grant Income line in the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in a Donated Assets Reserve account. Where gains are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Subsequent 'enhancement' expenditure is treated as capital expenditure when it is considered it will increase the value of the asset or its useful life or increase the extent to which the council can use the asset.

De Minimis policy - expenditure below £10,000 (excluding VAT) is not treated as capital expenditure except where the sum of identical assets purchased exceeds this figure, as is the case with waste collection bins and caddies.

Capital assets are held on the Balance Sheet as Non-Current Assets.

1.9 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (PPE)

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

PPE assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The council does not capitalise borrowing costs incurred whilst assets are under construction.

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

The assets are then carried on the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)

- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective

- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

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

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, 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 by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

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.

1.10 NON-CURRENT ASSETS - HERITAGE ASSETS

Assets with historical, artistic, scientific or technological qualities held principally for their contribution to knowledge or culture.
The council's collections of heritage assets are accounted for as follows:

Ceramics, Art, Regalia and Silverware, Furniture, Textiles, Ephemera, other collectables

These are reported in the Balance Sheet at their current insurance valuation, which is based on market values.

Statues and Monuments

These are reported in the Balance Sheet at their current insurance valuation, which is based on historic or replacement cost.

Archaeology

The council cannot obtain reliable cost or valuation information for its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently the council does not recognise these assets on its balance sheet.

The insurance valuations are updated for inflation on an annual basis, with gains credited to the Revaluation Reserve. The council has deemed that all the heritage assets have indeterminate lives, hence it does not consider it appropriate to charge depreciation.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment. Any impairment is recognised and measured in accordance with the council's policy on impairment for Property, Plant and Equipment. Occasionally the council will dispose of heritage assets. These are accounted for in accordance with the council's policy on disposals and assets held for sale.

1.11 NON-CURRENT ASSETS - INVESTMENT PROPERTY

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

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

Rentals received in relation to investment properties are credited to the financing and investment income 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 and (for any sale proceeds greater than £10,000) the capital receipts reserve.

1.12 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Expenditure on assets that do not have physical substance and which are controlled by the entity through custody or legal rights (e.g. software licences), is capitalised when it will bring benefits to the council for more than one financial year. Internally generated assets are capitalised where it can be demonstrated that the project is technically feasible, is intended to be completed (with adequate resources being available), where the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset, and where the expenditure during the development phase can be reliably measured.

Intangible assets are measured at cost, which is amortised over the estimated useful life of the asset to the relevant service line in the Comprehensive Income and Expenditure Statement, to reflect the pattern of consumption of benefits. Estimated remaining useful lives are reviewed annually and an asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or cessation of use of an intangible asset is credited or charged to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance, so they are reversed out of the General Fund Balance in the Movement in Reserves Statement and charged or credited to the Capital Adjustment Account with any sale proceeds greater than £10,000 credited to the Capital Receipts Reserve.

1.13 NON-CURRENT ASSETS – DISPOSALS AND 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. Assets are classified as held for sale where the asset is available for immediate sale in its present condition and where the sale is highly probable i.e. the asset has been advertised for sale and a buyer sought and the completion of the sale is expected within twelve months of the balance sheet date. Dwellings sold under Right to Buy are deemed to become surplus on the day that the transfer to the tenant takes place (completion of the sale), and are therefore considered operational until they are sold.

Except when carried at (depreciated) historic cost, an asset is revalued immediately before its reclassification as Held for Sale, using its existing category's measurement basis. Following reclassification assets are measured at the lower of their carrying values and fair values less costs to sell. Any subsequent gains in value are first used to reverse any losses previously charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and thereafter recognised in the Revaluation Reserve. Losses in value are charged to the Surplus or Deficit on the Provision of Services (even when there is a balance held for that asset in the Revaluation Reserve).

Depreciation is not charged on Assets Held for Sale, except in the year in which they were classified as held for sale.

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

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

Amounts received from a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to Housing Revenue Account (HRA) disposals, as specified by statutory regulations, is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement of 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. Such amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.14 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets is charged to the relevant service revenue account in the year. To the extent the council has determined to meet the cost of this expenditure from capital resources (borrowing, capital receipts or grants) a transfer to the Capital Adjustment Account via the Movement in Reserves Statement reverses out the amounts charged to the General Fund Balance so there is no impact on the level of council tax.

1.15 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding assets during the year:

- Depreciation of property, plant and equipment used by the relevant service
- Amortisation of intangible assets used by the service
- Revaluation and impairment losses, where there are no accumulated gains in the Revaluation Reserve against which the losses can be charged.

The council cannot raise council tax to cover depreciation, amortisation or revaluation and impairment losses. It is, however, required to make an annual provision (known as Minimum Revenue Provision or MRP) from revenue towards reducing its overall borrowing requirement, equal to an amount calculated on a prudent basis by the council in accordance with statutory guidance. The above charges to the General Fund are therefore reversed out of the General Fund Balance and replaced by a MRP contribution to the Capital Adjustment Account in the Movement of Reserves Statement.

1.16 LEASES

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

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

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

The authority as lessee

<u>Finance leases</u>

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

Lease payments are apportioned between:

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

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

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The authority as lessor

Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating leases
Where the 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 (eg 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 and charged as an expense over the lease term on the same basis as rental income.

1.17 FINANCIAL INSTRUMENTS

Financial liabilities

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 are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund balance to be spread over future years. The authority 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. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority holds financial assets measured at:
- amortised cost, and
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

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

Financial assets at amortised cost

Financial assets measured at amortised cost 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. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

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

Expected credit loss model

The authority recognises expected credit losses on all of its financial assets held at amortised cost or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

Fair value through OCI

Financial assets that are measured at FVOCI 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.

Fair value through P&L

Financial assets that are measured at FVPL 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 the surplus or deficit on the provision of services.

1.18 FAIR VALUE MEASUREMENT

The authority measures certain non-financial assets (Surplus Assets, Investment Property and Assets Held for Sale) and its Fair value through OCI and Fair value through P&L financial assets at fair value at the balance sheet date, unless there is no material difference between carrying value and fair value.

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 fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. In the case of a non-financial asset, the authority takes into account the market participants' ability to use 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'.

Inputs to the valuation techniques used in measuring fair value are categorised within the fair value hierarchy as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - directly or indirectly observable inputs other than quoted prices
- Level 3 - unobservable inputs for the asset or liability.

1.19 INVENTORIES

Inventories held in stores are included in the Balance Sheet at the latest price paid. This is a departure from the requirements of the Code, which require inventories to be shown at the lower of cost and net realisable value. The effect of the different treatment is not considered material.

1.20 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.21 PROVISIONS

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing or amount of the transfer is uncertain. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the council becomes aware of the event, based on its best estimate of the likely settlement. When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

1.22 CONTINGENT LIABILITIES

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

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

1.23 RESERVES

The council sets aside specific amounts as usable reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to form part of the Surplus or Deficit in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated 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 in that year.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits, and they do not represent usable resources for the council – these reserves are known as unusable reserves.

1.24 CONTINGENT ASSETS

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

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

1.25 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change made has a material effect, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.26 EVENTS AFTER THE BALANCE SHEET DATE

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.27 ESTIMATION TECHNIQUES

Estimation techniques are the methods adopted to assess the values of assets, liabilities, gains and losses and changes in reserves in situations where there is uncertainty as to their precise value. Unless specified in the Code or in legislative requirements, the method of estimation will generally be the one that most closely reflects the economic reality of the transaction.

1.28 JOINTLY CONTROLLED OPERATIONS

Jointly controlled operations are activities undertaken by the council, together with other organisations, involving the shared use of the assets and resources of the organisations, rather than the establishment of a separate entity. The council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and charges or credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Such operations, not being separate entities, are accounted for in the council only accounts and are not separate entities for Group Account purposes.

1.29 INTERESTS IN COMPANIES AND OTHER ENTITIES – GROUP ACCOUNTS

The council has material interests in companies that have the nature of being subsidiaries and joint ventures and require it to prepare Group Accounts. In the council's own single-entity accounts the interests in companies and other entities are recorded as financial assets at cost (if any), less any provision for losses.

Basis of Consolidation

The group accounts bring together the council's own accounts with those of Gloucestershire Airport Limited (GAL), in which the council has a 50% shareholding, and Cheltenham Borough Homes Limited (CBH), a company limited by guarantee in which the council is the sole member. The accounts of CBH include those of Cheltenham Borough Homes Services Limited (CBHSL), a wholly owned subsidiary of Cheltenham Borough Homes Limited.

GAL has been treated as a Joint Venture since it is jointly owned and controlled with Gloucester City Council. GAL has therefore been consolidated with the council's accounts on an equity accounting basis, in which the council's share of the company's operating results and net assets or liabilities (based on its proportionate shareholding) are shown as separate lines in the main group statements. There is no requirement to adjust for inter-organisation transactions and balances.

CBH has been treated as a Subsidiary (since it is wholly controlled by the council), so its accounts have been consolidated in the main group statements on a line-by-line basis, eliminating inter-organisation transactions and balances.

At 31 March 2026 the council also had a 14.29% shareholding in Ubico Limited, a local authority owned company which has seven members, providing environmental services to the shareholder councils. Since the council does not have control or significant influence over the company, its accounts are not consolidated into the group accounts, however full disclosure notes are provided.

The council also has an interest in Publica Group (Support) Limited, a Joint Venture company limited by guarantee, in which the council is one of four members. The council's share of the company's profit for the year and net assets at the balance sheet date have not been consolidated into the Group Accounts on the basis of immateriality.

The council also has an interest in the South West Audit Partnership Limited (SWAP), a company limited by guarantee. As the council does not have any controlling or significant influence in the company it is classed as an investment, and is not included in the Group Accounts.

Accounting Policies

The financial statements in the group accounts are prepared in accordance with the policies set out above, with the following additions and exceptions:

Cheltenham Borough Homes Limited (CBH)
The financial statements for CBH have been prepared under the historical cost convention in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing providers.

Consequently dwellings owned by CBH are initially valued at historic cost. For the purposes of the group accounts they have been re-valued at Current value to bring them into line with the council's accounting policies, using the existing use value for social housing (EUV-SH) appropriate to the dwellings' tenure as affordable homes. Any revaluation gains or losses are treated as described in paragraph 1.10 (Measurement).

In the company accounts capital grants are written off to the Income and Expenditure account over the estimated life of the asset in line with depreciation. However in the group accounts such grants are treated in accordance with paragraph 1.4, whereby they are credited to the Income and Expenditure account when any conditions attaching to the grant are met.

Gloucestershire Airport Limited

The financial statements of the Airport have been prepared under the historic cost convention (except for certain items that are shown at fair value) in accordance with Financial Reporting Standard 102 (FRS102).

Since Investment Property and Property, Plant and Equipment (PPE) assets held by the airport have been valued at fair value no adjustments are required to the value of non-current assets on consolidation with the council's accounts. Unlike in the airport accounts, however, where any gains in value over historic cost are credited to the Profit & Loss Account, such gains are credited in the group accounts to the Revaluation Reserve (for PPE assets) and the Capital Adjustment Account via the Group Income and Expenditure Statement (for Investment Property), in line with the council's accounting policies.

2. CHANGES IN ACCOUNTING POLICY AND ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

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

The following standards and amendment was introduced on 1 April 2024:

- IFRS 16 Leases

IFRS 16 does not have a material effect on the financial statements or balances of the single entity accounts since the changes mainly affect the recognition of leases by lessees and the authority does not have any material finance or operating lease liabilities as lessee. The group accounts include more significant leases for properties which are owned by Cheltenham Borough Homes and recognised on consolidation. The Council have not opted to adopt the standard early.

3. CRITICAL JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out on pages 19 to 37, the council has had to make certain judgements about complex transactions or those which may be uncertain depending on future events.

Leases

Leases have been classified in accordance with the IFRS criteria. In making these assessments the council has deemed all existing lessor leases (with the exception of the leases of vehicles and plant to Ubico Limited) as being operating leases.

The leases of vehicles and plant to Ubico have been classified as finance leases. Ubico pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles/plant and determining their deployment (including use across other Ubico contracts where necessary). The company pays for new vehicles/plant over periods of 3 - 8 years, according to the estimated useful economic life of the assets. The leases have been treated as finance leases since i) the sum of the lease payments is equal the cost of purchasing the assets; ii) the length of the term represents ‘substantially all’ of the useful life of the assets; and iii) the rights and responsibilities of ownership of the assets (maintenance, insurance, deployment) sit with the company.

Business Rate Appeals Provision

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. From this date district councils such as Cheltenham assume a share of the liability for refunding ratepayers as a result of successful appeals and other reductions made by the Valuation Office in the rateable values on the rating list. A successful appeal or other reduction may mean the council having to refund rates paid in previous years. The council has therefore set aside a provision to cover its share of the repayments it estimates will be made and made a judgement as to the timescale over which they are likely to be repaid.

The provision is based on the expected success rate of appeals lodged at the year end, together with an estimated reduction in the rating list, based on historical experience.

Pension Liability

Based on the IAS 19 report received from the Council’s actuary, the pension liability decreased during 2025/26 by £9.397m from an asset of £46.075m to an asset of £55.4725m. This is in part due to the Council’s strategy implemented in 2020/21 and continued again in 2023/24 to make an upfront payment of secondary employer pension contributions, providing greater value from our treasury management activity but also the impact of favourable market conditions which have continued in 2025/26.

In the same way as 2023/24 & 2024/25 a pension asset continues in 2025/26. In the preparation of the Statement of Accounts, an asset ceiling report was commissioned to allow management to assess how the balance should be recognised and disclosed in the accounts. Based on the information in this report, the pension asset has been adjusted by the expected net asset once agreed past service contributions have been paid. This is because in line with IAS 19 a surplus or asset should represent the present value of the defined benefit obligation less the fair value of plan assets.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items on the council’s Balance Sheet at 31st March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Valuation of non-current assets (£511.500m)	The UK economy is currently navigating a period of stagflation-like conditions, with economic growth expected to slow to around 1% while inflation has temporarily	There is more information available than in the previous years to understand the impact of the economy on the carrying value of these assets.

Item	Uncertainties	Effect if actual results differ from assumptions
	climbed back above 3.5%.The pressure of rising inflation and interest rates remaining higher than expected, have had a significant impact on the valuation of non-current assets and the property market as a whole. Although these are less volatile in 2025/26, rising guilt rates and lower economic growth fears have replaced inflation as our largest risk. For those assets valued on a Depreciated Replacement Cost (DRC) basis, the rising building costs create uncertainty when determining the re-build cost of assets. For those assets valued on an Existing Use Value, the impact of both the pandemic and rising rental costs have also increased uncertainty about potential rental yields.	The carrying value of assets valued on a DRC basis is £96.655m. A 2% change in the build cost of these assets would mean the carrying value would increase or decrease by £1.933m. The carrying value of assets valued on an Existing Use basis is £48.492m. A change in the market rent estimate for these assets would result in a change in carrying value of the assets as the rental yield figures changed. However, although any change in carrying values would reduce the council's 'net worth', in themselves they would have no impact on the authority's revenue account and ability to deliver services, since they are chargeable to unusable reserves and not the surplus or deficit on the provision of services.
Property, Plant and Equipment (£511.500m)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings (including council dwellings), vehicles, plant and equipment, Infrastructure and surplus assets would increase by £0.094 million for *every year* that useful lives had to be reduced.
Fair Value measurements (£104.373m)	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs) their fair value is measures using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.	The unobservable inputs used in the fair value measurement of our assets and liabilities include management assumptions made in relation to rents, growth, vacancy levels and discount rates. Of £57.909m of investment property, £2.898m of the carrying value is based on assumptions relating to income and yields. A 2% change in yield would result in the investment property balance changing by £58k. Likewise, fair value measurement has been applied to value the surplus assets portfolio with a carrying value of £42.076m. A 2% change in the key assumptions would result in the balance changing by £842k. The Council has used a discounted cash flow model to measure the fair value its investment in an unlisted company. The carrying value of this investment is Nil and a significant change in the basis of the assumptions for cash inflows, outflows and discount rate would be required for this to have a material impact on the disclosure in the statement of accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability (£4.368m) to review further changes	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions to be applied.	The effects on the net pensions' asset or liability of changes in individual assumptions can be measured. For example, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of approximately 1% (£2.166m). A sensitivity analysis is included in Note 32. The impact of the continuing economic uncertainties on the value of the pension liability is somewhat offset by our strategy to make lump sum overpayments, minimising the financial risk to the Council.
Non-domestic rates (NDR) appeals provision (£0.634m)	This provision has been set up to meet losses arising from the successful appeal of businesses against the rateable value of their properties and other rateable value reductions. The provision is based on an expected success rate of appeals submitted at 31st March and on an estimated reduction in rateable value. Although based on past experience, both the actual success rate and actual reduction may differ from the estimate.	For appeals and other rateable value reductions relating to charges from 1st April 2017, a 1% increase in the estimated rateable value reduction would result in an increase in the estimated provision required of £791,918, of which the council's share would be £316,767 (based on 2024/25 shares). The provision required is therefore sensitive to small changes in the reductions awarded and any under-provision could have significant impact on the council's income.

5. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS UNDER THE REGULATIONS

This note details the adjustments that have been made to Total Comprehensive Income and Expenditure so that it equals the resources which, under statutory provisions, are available to meet future capital and revenue expenditure. The following describes the major reserves and the adjustments made to each reserve:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.

Housing Revenue Account (HRA) Balance

The HRA Balance reflects the council's statutory obligation to maintain a separate revenue account for local authority council housing in accordance with Part VI of the Local Government and Housing Act 1989.

It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the council's landlord function.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Major Repairs Reserve

The council is required to maintain a Major Repairs Reserve, which is used to finance capital expenditure incurred by the HRA.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

2024/25 Usable Reserves						2025/26 Usable Reserves				
General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000		General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
					Adjustments to Revenue Resources					
					Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements					
					Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (charged or credited to the Capital Adjustment Account)					
(4,662)	5,963	-	-	-	Charges for depreciation, amortisation and impairment of non-current assets	(6,335)	6,767	-	-	-
(325)	-	-	-	-	Revaluation losses on, and derecognitions of, Property, Plant and Equipment	15	(19)	-	-	-
(1,985)	-	-	-	-	Movements in the fair value of Investment properties	(162)	-	-	-	-
13,817	1,449	-	-	(12,834)	Capital grants and contributions	(1,019)	(2,607)	-	-	(8,386)
(1,323)	-	-	-	-	Revenue Expenditure Funded from Capital Under Statute	(29)	-	-	-	-
(2,866)	(1,449)	-	-	-	Amounts of non-current assets written off on sale as part of the gain/loss on disposal	1,909	3,670	-	-	-
30	-	(30)	-	-	Capital grants repaid	(2,205)	-	(27)	-	-
3,130	478	-	-	-	Pension costs transferred from the Pensions Reserve	3,769	-	-	-	-
-	-	-	-	-	Financial instruments transferred from the Financial Instruments Adjustment Account	-	-	-	-	-
49	-	-	-	-	Fair value gains and losses of Pooled Investment Funds	(4,458)	-	-	-	-
(155)	-	-	-	-	Council tax and NNDR net deficit transferred to the Collection Fund Adjustment Account	-	-	-	-	-
9	(23)	-	-	-	Holiday Pay transferred to the Accumulated Absences Account	(4,651)	3,953	-	-	-
5,719	**6,418**	**(30)**	**-**	**(12,834)**	**Total adjustments to Revenue Resources**	**(13,166)**	**11,764**	**(27)**	**-**	**(8,386)**
					Adjustments between Revenue and Capital resources					
3,001	2,545	(2,906)	-	-	Transfer of non-current asset sale proceeds from revenue to capital receipts	27	(6,249)	(6,336)	-	-
(473)	(34)	243	-	-	Administrative costs of non-current asset disposals funded by capital receipts	-	(1,084)	-	-	-
-	-	-	-	-	Payments to the government housing receipts pool funded by a transfer from capital receipts	-	-	-	-	-
-	-	-	(5,983)	-	Transfer of HRA resources from revenue to the Major Repairs Reserve	-	-	-	(6,249)	-
677	-	1,284	-	-	Statutory and voluntary provision for the repayment of debt transferred to the Capital Adjustment Account	(597)	-	3,669	-	-
481	-	-	-	-	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	5,801	-	-	-	-
3,686	**2,511**	**(1,379)**	**(5,983)**	**-**	**Total adjustments between Revenue and Capital Resources**	**5,231**	**(7,333)**	**(2,667)**	**(6,249)**	**-**
					Adjustments to Capital resources					
-	-	5,719	-	-	Use of capital receipts to finance capital expenditure	-	-	2,983	-	-
-	(5,983)	-	5,983	-	Use of the Major Repairs Reserve to finance capital expenditure	-	1,078	-	6,249	-
-	-	-	-	5,398	Application of capital grants and contributions to fund capital expenditure	-	-	-	-	788
-	-	(896)	-	-	Transfer from Deferred Capital Receipts upon receipt of cash	-	-	(1,034)	-	-
-	-	(201)	-	-	Capital loans repaid	-	-	(207)	-	-
-	**(5,983)**	**4,622**	**5,983**	**5,398**	**Total adjustments to Capital Resources**	**-**	**1,078**	**1,742**	**6,249**	**788**
9,405	**2,946**	**3,213**	**-**	**(7,436)**	**Total adjustments between Accounting and Funding basis under the regulations**	**(7,935)**	**5,509**	**(952)**	**-**	**(7,598)**

6. EVENTS AFTER THE REPORTING PERIOD

This Statement of Accounts was authorised for issue by the Section 151 Officer on 01 July 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. OTHER OPERATING EXPENDITURE

	2025/26 £000	2024/25 £000
Parish Precepts	523	494
Net (Gains) / losses on disposal of non-current assets	(2,214)	(1,155)
Total Other Operating Expenditure	**(1,691)**	**(661)**

8. FINANCING AND INVESTMENT (INCOME) AND EXPENDITURE

	2025/26 £000	2024/25 £000
Interest payable and similar charges	7,538	7,607
Net interest on the net defined benefit liability/(asset)	1,035	(1,163)
Interest and investment income	(1,524)	(1,461)
Fair value changes in financial assets (Pooled Funds)	(15)	(49)
Income and expenditure on investment properties and changes in their fair value	370	(2,054)
Net Financing and Investment (Income) and Expenditure	**7,404**	**2,880**

9. TAXATION AND NON SPECIFIC GRANT (INCOME) AND EXPENDITURE

	2025/26 £000	2024/25 £000
Council Tax	(11,526)	(10,992)
Non -Domestic Rates (income) and expenditure		
- Billing authority share	(26,365)	(24,288)
- Collection Fund deficit	2,307	731
- Tariff payable to central government	22,139	21,783
- Levy payable to central government less Pool surplus	(1)	645
	(1,920)	(1,129)
General government grants	(6,745)	(5,979)
Capital grants and contributions	(13,391)	(15,857)
Net Taxation and Non Specific Grant Income	**(33,581)**	**(33,957)**

10. MEMBERS’ ALLOWANCES

In 2025/26 the council paid £477,767 (2024/25 £457,144) in allowances to its 40 members. The expenditure reflects members’ allowances approved by council for 2025/26. Full details of the Members’ Allowances scheme for the year can be found on the council’s website.

11. OFFICERS' REMUNERATION

Senior Officers whose salary is equal to or more than £50,000 per annum:

2025/26

Post Title	Salary £	Expenses/Allowances £	Compensation for the Loss of Office £	Other Payments £	Total remuneration excluding pensions contributions £	Pension contributions £	Total Remuneration including pension contributions £
Chief Executive Officer	£157,296	£253	-	£110	£157,659	£31,302	**£188,961**
Deputy Chief Executive Officer	£96,219	£269	-	£9,095	£105,583	£18,327	**£123,910**
Interim Director of Finance and Operations (S151)	£62,270	£0	-	£0	£62,270	£0	**£62,270**
Director of Governance, Housing and Communities (Monitoring Officer)	£122,045	£396	-	£116	£122,557	£24,081	**£146,638**
Total	**£437,830**	**£918**	**£0**	**£9,321**	**£448,069**	**£73,710**	**£521,779**

2024/25

Post Title	Salary £	Expenses/Allowances £	Compensation for the Loss of Office £	Other Payments £	Total remuneration excluding pensions contributions £	Pension contributions £	Total Remuneration including pension contributions £
Chief Executive Officer	£155,419	£573	-	£418	£156,410	£31,009	**£187,419**
Deputy Chief Executive Officer	£121,490	£325	-	£18,166	£139,981	£27,162	**£167,143**
Director of Governance, Housing and Communities (Monitoring Officer)	£91,966	£397	-	£446	£92,809	£18,335	**£111,144**
Total	**£368,875**	**£1,295**	**£0**	**£19,029**	**£389,199**	**£76,506**	**£465,705**

Notes:

For the purposes of this disclosure 'Senior Officer' means Chief Executive, their direct reports and statutory chief officers whose salary is between £50,000 and £200,00. The Deputy Chief Executive Officer was the previous S151 officer who worked up to and including November 2025. The Interim Director of Finance and Operations (S151) is employed through an agency and started in January 2026. The total net cost is included in the 'salary' column.

The Deputy Chief Executive also performed the role of Returning Officer and received an additional payment for carrying out these duties.

The number of other employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

Remuneration Band	No of Employees 2025/26	No of Employees 2024/25
£50,000 - £54,999	18	11
£55.000 - £59,999	8	3
£60,000 - £64,999	13	11
£65,000 - £69,999	5	2
£70,000 - £74,999	5	3
£75,000 - £79,999	1	0
£80,000 - £84,999	1	2
£85,000 - £89,999	1	2
£90,000 - £94,999	3	0
£95,000 - £99,999	0	0
£100,000 - £104,999	0	0
£105,000 - £109,999	0	1
£110,000 - £114,999	0	0
£115,000 - £119,999	1	0
Total	**56**	**35**

12. TERMINATION BENEFITS

The council terminated the contract of six in 2025/26 (nine in 2024/25). Total costs incurred were £53,204.68 (£226,868 in 2024/25). These costs have been charged to the relevant service lines within the Comprehensive Income and Expenditure Statement.

These termination benefits are summarised in the table below.

2025/26			2024/25	
No. of staff	£	Bands	No. of staff	£
5	23,205	£0 - £20,000	6	52,409
1	30,000	£20,001 - £40,000	1	22,516
		£40,001 - £60,000		
		£60,001 - £80,000	1	69513
		£80,001 - £100,000	1	82,429
		£100,001 - £150,000		
		£150,001 - £200,000		
6	**53,205**		**9**	**226,868**

13. RELATED PARTY TRANSACTIONS

Transactions do not in themselves create a related party relationship: there must be some element of control or influence by one party over another, or by a third party over the two parties. The most common form of influence is having representation on the board or governing body, but it can also be gained from an ownership interest, from statutory provisions or by agreement. This note summarises the transactions undertaken with parties which meet this definition for the Council, its Senior Officers and its Members in 2025/26.

Central Government

The UK Government has effective control over the general operations of the council - it is responsible for providing the statutory framework and legislation within which the council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are shown in note 15 on page 55.

Council Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in note 10 on page 49. Members complete an annual declaration to report any business interests on an annual basis. Only one Member has declared an interest where control and influence may be exercised within an outside commercial organisation in which the Council has transacted in 2025/26.

A grant payment of £195,050 (2024/25 £195,050) was made to the Everyman Theatre in 2025/26. This is an annual payment where there is a grant agreement in place. The Council Member in place does not vote or, nor is involved in the discussions around the grant payment.

A grant payment of £60,000 was made to the Playhouse Theatre in 2025/26. This is an annual payment where there is a grant agreement in place. The Council Member in place does not vote or, nor is involved in the discussions around the grant payment.

Other public bodies (subject to common control by central government)

The council collects precepts on behalf of Gloucestershire County Council, the Gloucestershire Police and Crime Commissioner and the Parish Councils within the borough. Precepts for the County and Police and Crime Commissioner are shown in the Collection Fund on page 95.

Companies

Gloucestershire Airport Limited

The council has a 50% shareholding in Gloucestershire Airport Limited. The airport's accounts will be consolidated into the Group Accounts.

The airport paid a profit share of rental income to the Council in the year of £37,011 (2024/25 £37,951). The temporary overdraft facility that was provided has increased during 2025/26 by £175,000 taking the overdraft as at 31 March 2025 to £2,375,000. Two further small capital loans totalling £165,000 were loaned to them in October 2020, with £17,242 paid in 2025/26 reducing the outstanding amount to £90,758. A new capital loan facility was added in 2021/22 for the runway project which amounted to £2.3 million. A further loan was added in 2022/23 for £3.11 million as well as another loan was added in 2023/24 for £0.55million. Another loan was added in 2024/25. Lastly, another loan of £422,429 was added in 25/26 to take the total up to £6.718m. The loans were provided on an arm's length basis and are disclosed in Note 26 of the accounts.

Cheltenham Borough Homes Limited (CBH)

The council wholly owns an Arm's Length Management Organisation (Cheltenham Borough Homes Limited), which is limited by guarantee. The accounts for this company will be consolidated into the Group Accounts.

The council procured supplies and services totalling £641,052 from CBH during 2025/26 (£5,639,250 in 2024/25). CBH procured supplies and services from the council totalling £1,186,955 during 2025/26 (£1,251,225 in 2024/25). Overall, at year end CBH owed CBC £61,199 as a debtor on the balance sheet. A Management Agreement is in place between the two parties for the provision of services to the Council. Services were provided to CBH in line with our financial regulations.
Balances outstanding at the year-end were as follows:

	2026 £'000	2025 £'000
The Council owed CBH	(605)	(1,659)
CBH owed the Council	7,980	9,187
	7,375	**7,528**

Ubico Limited

Ubico Limited delivers environmental services for eight County Councils. Cheltenham County Council holds an equal 1/8th shareholding in the company. The director of governance, housing communities is also a Board Member for Ubico Limited.

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

The council procured supplies and services totalling £11,566,928 from Ubico Limited in the year (£10,781,082 in 2024/25), £163,257 (£181,137 in 2024/25) of which is included in the council's balance sheet as a short term creditor at the year end. The company procured supplies and services from the council totalling £796,543 in the year (£918,794 in 2024/25), £684,269 (£581,338 in 2024/25) of which is included in the council's balance sheet within the short term debtor at the year end. A Management Agreement is in place between the two parties for the provision of services to the Council. Services were provided to Ubico Limited in line with our financial regulations.

Vehicles and plant used by Ubico to provide environmental services in the borough are initially purchased by the council and then leased to the company in the year of purchase under a finance lease arrangement. At 31st March 2026 the amount owing to the council under these leases totalled £6.491million (£4.39 million at 31st March 2025). The leases are disclosed in Note 23 on page 67.

Publica Group (Support) Limited

Publica Group (Support) Limited is a not-for-profit company limited by guarantee, with no share capital. The company has Mutual Trading Status to deliver services on behalf of the council and services to other member councils under contract.

The company 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.

In the year the council purchased services from Publica Group (Support) Limited to the value of £829,406 (£770,577 in 2024/25).

South West Audit Partnership Limited (SWAP)

The council is a member of SWAP which is a company limited by guarantee, wholly owned and controlled as an in-house company by its members. It is a local authority controlled company for the purposes of Part V of the Local Government and Housing Act 1989. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of it being wound up whilst a member or within one year after ceasing to be a member.

In the year the council purchased services from SWAP totalling £142,034 (£139,993 in 2024/25). The services are provided under a Service Level Agreement.

Cheltenham Business Improvement District

Cheltenham Business Improvement District (BID) is an elected organisation set up to deliver a range of projects that benefit businesses in the district of Cheltenham covering the town centre, including the Promenade, Montpellier and The Brewery Quarter. Cheltenham Borough Council's Managing Director of Communities and places was a Director of the BID until September 2023 which the Council do undertake transactions with. Following the departure of the Managing Director of Communities and Place the position was taken up by the Head of Construction in September 2023.

In the year the council purchased services from BID totalling £34,866, (£29,597 in 2024/25). The council also provided services in the year totalling £93,547 (£103,010 in 2024/25).

<u>Officers</u>

Monitoring Officer (MO)

Cheltenham Borough Council shares its Monitoring Officer with Stroud District Council. The MO is an employee of, and paid by, Stroud District Council. Whilst the officer is shared and has influence in both councils, she is required to act separately for each council.

14. EXTERNAL AUDIT COSTS

	2025/26 £	2024/25 £
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor	175,524	170,744
Fees paid to the External Auditor for the certification of grant claims and returns		-
Other work provided by the appointed auditor:		
Audit of Pooled Capital Housing receipts	-	10,000
	175,524	**180,744**

15. GRANT INCOME

The council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

	2025/26 £'000	2024/25 £'000
Credited to Other Income and Expenditure		
New Homes Bonus	(87)	(89)
Section 31 Business Rates compensation grants	(3,991)	(4,522)
Levelling Up Funding	(6,921)	(5,804)
Capital Grants and Contributions	(6,338)	(9,446)
Other grants and contributions	(2,666)	(1,507)
	(20,003)	**(21,368)**
Credited to Services		
Housing Benefits subsidy & administration grants	(17,305)	(20,326)
Council Tax Benefit administration grants	(24)	(29)
Other Grants and contributions	(2,663)	(2,422)
Covid-19 Expenditure grants	(21)	(51)
Parliamentary Elections Funding	(252)	(364)
UK Shared Prosperity Funding	(142)	(936)
Partnership funding and contributions	(433)	(300)
	(20,840)	**(24,427)**

The council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them which have yet to be met. The balances at the year-end are as follows:

	2025/26 Current £'000	2025/26 Long Term £'000	2024/25 Current £'000	2024/25 Long Term £'000
Receipts in Advance – Revenue				
Planning and Development	(313)	-	-	-
Flood Relief	(145)	-	(140)	-
Community Alarms	-	-	(47)	-
Homelessness	(435)	-	(232)	-
Community Welfare Grants	(389)	-	(475)	-
Covid-19 Enforcement Grants	(84)	-	(105)	-
Strategic Economic Development Fund	(282)	-	-	-
UK Shared Prosperity Fund	(78)	-	-	-
Climate Change	(129)			
Other grants and contributions	(178)	(80)	(168)	(80)
	(2,033)	**(80)**	**(1,166)**	**(80)**
Receipts in Advance – Capital				
Affordable housing contributions	-	(2,803)	-	(2,803)
Government grants	(29)	-	(22)	-
Partnership funding	(1)	-	(1)	-
Other grants and contributions	(322)	-	(322)	-
	(352)	**(2,803)**	**(345)**	**(2,803)**

16. SEGMENTAL REPORTING

EXPENDITURE & FUNDING ANALYSIS

The objective of the Expenditure and funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority (government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the council's services. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25				2025/26		
Net expenditure chargeable to the General Fund and HRA balances £'000	Adjustments between the funding and accounting basis (note below) £'000	Net expenditure in the Comprehensive Income and Expenditure statement £'000		Net expenditure chargeable to the General Fund and HRA balances £'000	Adjustments between the funding and accounting basis (note below) £'000	Net expenditure in the Comprehensive Income and Expenditure statement £'000
2,846	(57)	2,788	Chief Executive	3,334	(103)	3,231
7,579	(1,828)	5,751	Finance, Assets and Regeneration	16,003	(314)	15,689
11,975	1,233	13,208	Communities and Place	13,845	(240)	13,605
(2,847)	(111)	(2,958)	Local Authority housing (HRA)	(4,185)	(308)	(4,493)
19,552	**(763)**	**18,790**	**Net Cost of Services**	**28,997**	**-966**	**28,031**
(20,149)	(11,589)	(31,738)	Other income and expenditure	(31,236)	3,392	(27,844)
(597)	**(12,351)**	**(12,948)**	**(Surplus) or Deficit**	**(2,239)**	**2,427**	**187**
(5,105)			Opening General Fund and HRA balance including earmarked reserves at 1 April	(5,701)		
(597)			Add (Surplus) / deficit in year	(2,239)		
(5,701)			**Closing General Fund and HRA balance including earmarked reserves at 31 March****	**(7,941)**		

** for a split of the balance between the General Fund, HRA and earmarked reserves see the Movement in Reserves Statement

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2024/25					2025/26			
Adjustments for capital purposes (note 1 below) £'000	Net changes for the Pension Adjustments (note 2 below) £'000	Other Differences (note 3 below) £'000	Total Adjustments £'000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (note 1 below) £'000	Net changes for the Pension Adjustments (note 2 below) £'000	Other Differences (note 3 below) £'000	Total Adjustments £'000
0	(54)	(3)	(57)	Chief Executive	0	(110)	6	(103)
325	(2,157)	4	(1,828)	Finance, Assets and Regeneration (formally Finance and Assets Directorate)	0	(323)	9	(314)
1,323	(87)	(3)	1,233	Communities and Place (formally People and Change Directorate)	0	(248)	8	(240)
20	(147)	16	(111)	Local Authority housing (HRA)		(334)	26	(308)
1,668	**(2,445)**	**14**	**(763)**	**Net Cost of Services**	**0**	**(1,014)**	**48**	**(966)**
(10,532)	(1,163)	106	(11,589)	Other Income and Expenditure from the Funding Analysis	3,951	(778)	219	3,392
(8,864)	**(3,608)**	**120**	**(12,351)**	**Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit**	**3,951**	**(1,792)**	**268**	**2,427**

Notes

(1) **Adjustments for capital purposes** – this column adds in revaluation gains/losses on Property, Plant and Equipment, capital grants repaid and Revenue Expenditure Funded from Capital under Statute (REFCUS) in the service lines and for:

- Other Operating Expenditure – adds gains/losses on disposals of Property, Plant and Equipment and capital receipts paid to the housing pool
- Financing and Investment Income and Expenditure – the statutory charges for capital financing (Minimum and Voluntary Revenue Provision) and revenue financing of capital expenditure are deducted as these are not chargeable under generally accepted practices, and changes in the fair value of Investment properties are added
- Taxation and Non-specific Grant Income and Expenditure – this line is credited with capital grants and donations receivable in the year which have no conditions or for which conditions were satisfied in the year.

Depreciation and amortisation charges are included in the service lines in the Net Expenditure chargeable to the General Fund and HRA balances column of the Expenditure and Funding Analysis (as they are included in reports to management), but then (in the case of the General Fund) reversed out in Other Income and Expenditure so they have no impact on council tax. The reversal is removed in the Other Income and Expenditure line in the adjustments for capital purposes column above to ensure such charges are included in the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.

(2) Net change for the Pensions Adjustments

- for services - the removal of employer pension contributions and their replacement with current and past service costs
- for Financing and Investment Income and Expenditure – the addition of net interest on the pensions defined benefit liability.

(3) Other Differences

- for Financing and Investment Income and Expenditure – adjustments to the general fund for timing differences in premiums and discounts on financial instruments and for changes in the fair value of pooled investment funds
- for Taxation and Non-specific Grant income and Expenditure – timing differences between the income for council tax and non-domestic rates (NDR) credited under statutory regulations and that recognised under generally accepted accounting practice.
- for services – accruals for holiday pay.

SEGMENTAL INCOME AND EXPENDITURE

The net expenditure chargeable to the general fund and HRA balances in the Expenditure and Funding Analysis includes the following items on a segmental basis:-

	2025/26		2024/25	
	Depreciation, amortisation and impairment £'000	Revenues from external customers* £'000	Depreciation, amortisation and impairment £'000	Revenues from external customers* £'000
Chief Executive	121	(39)	115	(697)
Finance, Assets and Regeneration	4,228	(10,356)	3,991	(10,778)
Communities and Place	729	(6,493)	556	(6,244)
Housing Revenue Account (HRA)	6,385	(26,444)	6,119	(25,522)
Total analysed on a segmental basis	**11,463**	**(43,332)**	**10,781**	**-43,241**

*Revenues from external customers are included in "Fees, charges & other service income" in note 17 below.

17. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2025/26 £'000	2024/25 £'000
Expenditure		
Employee benefit expenses	23,088	20,752
Other service expenses	48,793	55,162
Depreciation, amortisation, impairment	11,463	10,781
Losses on revaluation of Property, Plant & Equipment, Investment property and financial assets	14,479	2,618
Interest payments	8,573	6,444
Precepts and levies	3,795	2,352
Business Rates Tariff	22,139	21,783
Payments to Housing Capital Receipts Pool	-	-
Total Expenditure	**132,330**	**119,893**
Income		
Fees, charges and other service income	(48,268)	(48,195)
Interest and investment income	(1,150)	(1,337)
Income from council tax and non-domestic rates	(38,857)	(35,763)
Government grants and contributions	(41,652)	(46,392)
Net gains on disposal of non-current assets	(2,214)	(1,155)
Total Income	**(132,141)**	**(132,840)**
(Surplus) or Deficit on the Provision of Services	**188**	**(12,948)**

18. PROPERTY, PLANT & EQUIPMENT

Property, Plant & Equipment

2024/25								2025/26						
Council dwellings £'000	Other Land and buildings £'000	Vehicles, Plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000		Council dwellings £'000	Other Land and buildings £'000	Vehicles, Plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
							Cost or valuation							
265,339	148,451	7,084	252	39,809	16,790	477,725	At 1 April	280,782	162,206	7,511	325	42,277	10,031	503,132
							Adjustment to Balance b/fwd							
14,375	1,824	3,067	9		8,170	27,445	Additions	16,867	485	3,716	135		10,107	31,311
2,514	(2,222)			2,468		2,760	Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	-			5,033		5,033
	(325)					(325)	Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services		(8,346)			(1,518)		(9,864)
(1,449)	(206)	(2,640)				(4,295)	Derecognition - disposals	(2,245)	-	(3,135)				(5,380)
							Derecognition - other							
							Assets reclassified (to)/from held for resale							
3	14,683		64		(14,929)	(178)	Other Reclassifications	-	(3,499)		-		3,499	-
280,782	**162,206**	**7,511**	**325**	**42,277**	**10,031**	**503,132**	**At 31 March**	**295,404**	**150,846**	**8,091**	**461**	**45,792**	**23,638**	**524,231**
							Accumulated Depreciation and Impairment							
(7)	(3,127)	(4,279)	(1)	(201)	(257)	(7,872)	At 1 April	(7)	(574)	(4,664)	(7)	(201)	(277)	(5,731)
							Adjustment to Balance b/fwd							
(5,719)	(4,092)	(385)	(6)			(10,203)	Depreciation charge	(5,967)	(4,322)	(441)	(10)			(10,741)
5,719	6,636					12,355	Depreciation written out to the Revaluation Reserve	-	-					-
							Depreciation written out to the surplus / deficit on the provision of services							
	9				(20)	(11)	Disposals and Impairments		-				-	-
(7)	**(574)**	**(4,664)**	**(7)**	**(201)**	**(277)**	**(5,731)**	**At 31 March**	**(5,974)**	**(4,897)**	**(5,105)**	**(17)**	**(201)**	**(277)**	**(16,472)**
280,775	**161,631**	**2,846**	**319**	**42,076**	**9,754**	**497,401**	**Net Book Value at 31 March**	**289,429**	**145,949**	**2,986**	**444**	**45,591**	**23,360**	**507,759**

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has determined in accordance with Regulation 30M of the Local Authorities Capital Finance and Accounting England (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Infrastructure Assets	2024/25	2025/26
	£'000	£'000
Opening Net Book Value	9,638	10,553
Additions	1,178	777
Reclassifications	178	-
Depreciation charged in the year	(441)	(480)
Closing Net Book Value	**10,553**	**10,850**

Total Property, Plant & Equipment reported on Balance Sheet	2024/25	2025/26
	£'000	£'000
Council dwellings; Other Land & Buildings; vehicles plant and equipment; community, surplus and assets under construction	493,313	507,759
Infrastructure Assets	10,553	10,850
Non-current assets Net Book Value	**503,866**	**518,609**

Depreciation

The following estimated useful lives have been used in the calculation of depreciation:

- Council dwellings – between 10 - 75 years depending on the component, for example 20 years for kitchens, 30 years for bathrooms and windows, 60 years for roofs
- Other Buildings – between 15 - 60 years, depending on the individual building
- Vehicles, Plant, Furniture and Equipment - between 5 - 15 years, depending on the type of asset
- Infrastructure - 40 years for General Fund assets, 25 years for HRA assets.

The individual remaining useful lives of each asset are reviewed annually or on revaluation and amended as necessary.

Revaluations

The council formally re-values its land and buildings on a rolling programme to ensure they are revalued at least every five years, however in accordance with the Code all land and building values are reviewed annually for material changes and re-valued at 31 March if necessary. Valuations have been carried out both internally by the council's property section and externally. Valuations of land and buildings were carried out using the methodologies and bases of estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The table below summarises the valuation basis and date of valuation (if applicable):

	Council Dwellings £'000	Other land and buildings £'000	Vehicles, plant, furniture & equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Carried at (depreciated) historical cost	-	-	2,986	10,850	444	-	23,360	**37,640**
Valued at current value as at 31st March 2026:	289,429	145,949				45,591		**480,969**
Total cost or valuation	**289,429**	**145,949**	**2,986**	**10,850**	**444**	**45,591**	**23,360**	**518,609**

Componentisation

Under the Code the council is required to account separately for significant building components as defined in the council's Componentisation policy. This is to ensure material components are depreciated over their respective useful lives. Components separately identified relate only to council dwellings, where the main ones are roofs, walls, kitchens, bathrooms, electrics, heating, windows/doors, solar panels, and communal lifts and services.

Fair Value Measurement of Surplus assets

The fair values of surplus assets valued at 31 March 2026 have been based on a market approach using current market conditions, recent sale prices and other relevant information for similar assets in the local area. The level of observable inputs is therefore significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

19. HERITAGE ASSETS

The council's buildings house most of the authority's heritage assets, held to support the provision of arts and culture in Cheltenham. In addition, the council owns a number of statues and monuments located within the town.

The heritage assets housed in the council's buildings comprise the collections either exhibited or stored at the Cheltenham Art Gallery and Museum (The Wilson), the Pittville Pump Room, the Holst Birthplace Museum, the Municipal Offices and the Town Hall. These assets include many items donated by local people.

The four principal collections are:

- Fine Art
- Decorative Arts
- Social History and Ethnography
- Archaeology.

The council does not recognise the archaeological collection on its balance sheet, as obtaining valuations for these would involve a disproportionate cost. This exemption is permitted by the Code and is due to the diverse nature of the assets held, and lack of comparable market values.

The museum holds significant collections in the following areas:

- Fine art: British and foreign paintings, drawing and prints from the 16th century onwards, including English water colours from the 18th century onwards

- Decorative art: British and European ceramics, British furniture, clocks, glass, metalwork and treen from the 16th century onwards

- Oriental art: Chinese ceramics, costume, armour and artefacts from the 9th century to the present day

- Costumes and textiles: garments, underwear and accessories from the 17th century onwards

- The Arts and Crafts Movement: books, ceramics, furniture, metalwork, paintings, textiles, archives, designs and drawings relating to the English Arts and Crafts Movement from the 1860's to the present day, recognised nationally by the government as a Dedicated Collection
.
- Archaeology: Prehistoric, Romano-British and medieval archaeology

- Local history: printed ephemera, photographs, postcards, topographical prints and objects relating to the history of Cheltenham

- Numismatics: British and foreign coins from the Roman empire to the 21st century

- Firearms and edged weapons: British and European examples

- Natural sciences: geology, herbaria, eggs

- Social history: objects relating to English domestic, personal and working life from the 17th century to the present day.

The museum maintains all its present collections, and where appropriate enhances those collections by building on present strengths and filling gaps by purchase, gift or bequest. The museum does not undertake disposals motivated by financial reasons. Disposals are only undertaken by the governing body after full consideration of the reasons for disposal. External expert advice is sought, along with the views of stakeholders. Any proceeds are accounted for in accordance with statutory accounting requirements relating to capital receipts.

The collections are managed by curators employed by the Cheltenham Trust, who manage the collections on behalf of the council in accordance with council policy and guidance.

A detailed breakdown of the carrying values of the council's heritage assets are shown below:

	Ceramics £'000	Art Collection £'000	Furniture £'000	Civic Regalia & Silver £'000	Textiles, Ephemera and other collectables £'000	Statues and Monuments £'000	Total £'000
31 March 2025	**2,607**	**28,049**	**4,725**	**227**	**5,724**	**1,691**	**43,022**
Revaluations	83	929	156	8	189	56	1,420
31 March 2026	**2,690**	**28,978**	**4,881**	**234**	**5,913**	**1,747**	**44,442**

* The insurance valuations are reviewed annually for inflationary increases and an increase has been applied to the valuation in line with our accounting policy.

20. CURRENT ASSETS HELD FOR SALE

	2025/26 £'000	2024/25 £'000
Assets held for sale at 1 April	**1,516**	**1,587**
Property, plant and equipment newly classified as held for sale	-	-
Revaluation gains	-	-
Assets sold	(1,516)	(71)
Assets held for sale at 31 March	**-**	**1,516**

21. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred (investment made) in the year is shown in the table below, together with the resources 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 financed by borrowing. The CFR is analysed in the second part of the note.

	2025/26 £'000	2024/25 £000
Opening Capital Financing Requirement	**215,840**	**203,646**
Capital Investment		
Property, Plant and Equipment	31,175	27,436
Investment Property	70	346
Community Assets	135	9
Infrastructure assets	777	1,178
Intangible assets	66	968
Surplus assets	-	-
Assets Held for Sale	-	1,516
Revenue Expenditure Funded from Capital under Statute	994	1,323
Long Term Capital Loans	423	335
	33,640	**33,111**
Sources of Finance		
Capital Receipts	(2,508)	(5,170)
Government Grants	(5,266)	(8,053)
Capital Contributions	(1,125)	(335)
Partnership Funding	-	(218)
Minimum & Voluntary Revenue Provision (MRP & VRP)	(1,254)	(677)
Major Repairs Reserve	(6,249)	(5,983)
Capital receipts applied to repay debt	(3,669)	-
Revenue	(32)	(481)
	(20,103)	**(20,917)**
Closing Capital Financing Requirement	**229,377**	**215,840**
Explanation of movement in year		
Increase in underlying need to borrowing (unsupported by Government financial assistance)	14,791	12,871
Minimum and Voluntary Revenue Provision (MRP/VRP)	(1,254)	(677)
Capital receipts applied to repay the principal of debt		-
Increase (Decrease) in Capital Financing Requirement	**13,537**	**12,194**

22. INVESTMENT PROPERTIES

The following items of income and expenditure relating to Investment Properties have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2025/26 £'000	2024/25 £'000
Rental income from Investment Property	(4,220)	(4,261)
Direct operating expenses	132	221

There are no restrictions on the council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct, enhance or develop investment property, however some lease agreements require the council to repair and maintain properties.

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

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**62,297**	**63,936**
Additions – construction	70	346
Reclassifications (to) / from Property, Plant and Equipment	-	-
Net gains / (losses) for the period included in the surplus or deficit on the provision of services resulting from changes in fair value	(4,458)	(1,985)
Balance at 31st March	**57,909**	**62,297**

The fair value of the investment property is reviewed and re-measured annually at the balance sheet date. All properties were revalued in 2025/26 by both internal and an external valuer, in accordance with the methodologies and bases of estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The valuations have been based where possible on a market approach using current market conditions, recent sale prices and other relevant information for similar assets in the local area. In these cases, where existing rents have been capitalised, the yield has been obtained by using market knowledge and evidence. The level of observable inputs is therefore significant, leading to the entire balance of £57.909 million of the value of the properties at 31 March 2026 being categorised at Level 2 in the fair value hierarchy.

In estimating the fair values of the investment properties, the highest and best use of the properties is their current use.

23. ASSETS HELD UNDER LEASES

The council as Lessor

Finance Leases

The council's policy is to purchase the vehicles and plant required by Ubico Limited to provide environmental services within Cheltenham and then lease them to the company. The vehicles and plant used on these services at 1st April 2012 were transferred under a finance lease to the company when it commenced operations on that date. The present value of the lease at the date of transfer was £1.364 million. Subsequent purchases of £14.895 million (including £3.135 million in 2025/26) have been subject to further finance leases.

The repayments due under the leases are based on recovering the cost of each vehicle or item of plant over its remaining estimated useful life, together with a finance charge on the amounts outstanding. The council does not anticipate residual values for the items at the end of the leases as they are not considered material, consequently the gross investment in the leases is deemed equal to the present value of the lease payments due. These are due as follows:

	31st March 2026 £'000	31st March 2025 £'000
Not later than 1 year	1,256	890
2 – 5 years	4,025	2,617
More than 5 years	1,210	883
	6,491	**4,390**

A loss provision for uncollectable amounts has not been provided on the basis the lessee is a wholly owned local authority company.

Operating Leases

The council seeks to obtain income from property it owns but does not need for its own occupation by granting operating leases. Where the council grants leases it does so at best consideration unless it wishes to support the tenant financially, for example where tenants provide a service to the community.

Where the council wishes to support a tenant financially it needs to be satisfied that the use of the property supports the authority's Corporate Plan objectives and is not otherwise commercially viable. The council uses a system where the tenant pays a rent equivalent to best consideration and enters into a service agreement linked to the lease, which includes a grant from the council in lieu of some or all of the rent, depending on the service provided from the property.

The council received £5,602,914 in rental income in 2025/26 from its granted leases (£5,516,246 in 2024/25).

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

	31st March 2026 £'000	31st March 2025 £'000
Not later than 1 year	4,757	4,374
2 – 5 years	11,234	13,525
More than 5 years	109,901	112,157
	125,892	**130,056**

24. FINANCIAL INSTRUMENTS

Categories of financial instrument

The following categories are carried on the Balance Sheet:

	Current		Long term	
	31st March 2026 £'000	31st March 2025 £'000	31st March 2026 £'000	31st March 2025 £'000
Investments				
Financial assets at amortised cost (note i below)	-	-	2,910	2,735
Fair value through other comprehensive income - shares in unlisted companies (note ii)	-	-	-	-
Fair value through P&L - Pooled Funds (note iii)	64	61	6,176	6,161
Total Investments	**64**	**61**	**9,086**	**8,896**
Debtors				
Financial assets at amortised cost	8,163	9,729	19,970	18,091
Total included in debtors (note iv)	**8,227**	**9,790**	**19,970**	**18,091**
Cash and Cash equivalents				
Financial assets at amortised cost	-	-		
Fair value through P&L (note v)	-	-		
Financial Assets at amortised cost	2,078	567		
Total cash and cash equivalents	**2,078**	**567**		
TOTAL FINANCIAL ASSETS	**10,305**	**10,357**	**28,634**	**26,987**
Borrowings				
Financial liabilities at amortised cost				
- Public Works Loan Board (PWLB) loans	21,303	22,200	131,230	133,816
- Bank and other loans	57,591	33,711	8,900	15,900
- Internal borrowing	40	73	-	-
Total borrowings	**78,934**	**55,984**	**140,130**	**149,716**
Creditors				
Financial liabilities at amortised cost	7,779	15,056	-	-
Total included in creditors (Note vi)	**7,779**	**15,056**	**-**	**-**
TOTAL FINANCIAL LIABILITIES	**86,713**	**71,040**	**140,130,**	**149,716**

Notes

(i) These comprise deposits with counterparties associated with the Council or are held in Money Market Funds or Bank Instant Accounts.

(ii) These comprise shares held in Gloucestershire Airport Limited. The fair value has been assessed by the council's treasury management advisors, based on projected company cash flows using the airport's business plans (Level 3 inputs in the fair value hierarchy). The valuation is therefore sensitive to small changes in rental, interest and operating income and cost inflation, including aviation fuel and pension costs.

The shares are not held for trading however there are plans to dispose of the airport.

In addition, the council holds shares costing £1 in Ubico Limited. The fair value of the council's interests in the company at 31st March 2026 is considered to be nil, since it is a wholly local authority owned not-for-profit 'Teckal' company. As a 'Teckal' company it is treated as if it was an in-house department and the shareholder councils for now are able to enter into service contracts with the company without undertaking an EU compliant procurement process.

(iii) These comprise units in the CCLA Pooled Property Fund, the Schroders Income Maximiser Fund and CCLA Cautious Multi- Asset Fund (previously known as the CCLA Diversified Income Fund), the carrying (fair) value of which has been assessed using Level 1 inputs in the fair value hierarchy (quoted prices for identical units) at 31st March 2026.

(iv) Further details of current debtors are given in note 25, page 76. The figures shown above exclude payments in advance and non-exchange transactions, such as taxes and grants due, which are not classified as financial instruments.

Long term debtors at 31st March 2026 mainly comprise:

- an outstanding loan of £0.251 million (£0.269 million at 31st March 2025) to the Cheltenham Everyman Theatre (made in 2011/12 for 25 years towards the redevelopment of the theatre)
- loans totalling £7.154 million (£7.313 million at 31st March 2025) made to Cheltenham Borough Homes Limited for between 30 and 50 years for housing redevelopment
- finance lease repayments of £5.235 million (£4.390 million at 31st March 2025) due from Ubico Limited (relating to leases of vehicles and plant)
- loan balance of £2.375 million (£2.200 million at 31st March 2024) to Gloucestershire Airport Limited towards the revolving credit facility has increased by £0.175 million. A further £0.091 million is outstanding for loans provided as a loan to fund the sub-station and radar project in 2020/21. A further £6.718 million was loaned to the airport for the runway major repairs in 2021/22, 2022/23, 2023/24, 2024/25 and 2025/26.

The remainder comprises other loans.

(v) These comprise money market funds that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(vi) Further details of current creditors are given in note 27.1 page 77. The figures shown above exclude receipts advance, which are not classified as financial instruments.

Income, Expense, gains and losses
Fair Value of financial assets and liabilities

	2025/26				2024/25			
	Financial Liabilities at amortised cost £'000	**Financial Assets at amortised cost £'000**	**Financial Assets: Fair value through P&L £'000**	**Total £'000**	**Financial Liabilities at amortised cost £'000**	**Financial Assets at amortised cost £'000**	**Financial Assets: Fair value though P&L £'000**	**Total £'000**
Interest expense	7,538	-	-	7,538	7,607	-	-	7,607
Fee expense	48	-	-	48	56	-	-	56
Changes in fair value Impairment losses	-	-	-	-	-	-	-	-
Total expenses in Surplus or Deficit on the Provision of Services	**7,586**	**-**	**-**	**7,586**	**7,663**	**0**	**0**	**7,663**
Interest Income	-	(1,219)	(305)	**(1,524)**	-	(988)	(303)	**(1,291)**
Interest Income accrued on impaired financial assets Changes in fair value	- -	- -	- (15)	- **(15)**	- -	- -	- (49)	**-** **(49)**
Total income in Surplus or Deficit on the Provision of Services	-	**(1,219)**	**(320)**	**(1,539)**	-	**(988)**	**(352)**	**(1,340)**
(Net gain)/loss for the year	**7,586**	**(1,219)**	**(320)**	**6,047**	**7,663**	**(988)**	**(352)**	**6,323**

The fair values of the authority's financial assets and liabilities are shown below, where different to their carrying amounts. The fair values have been assessed as equal to the present value of the expected cash flows over the remaining term of the instruments, using the following assumptions:

- for financial liabilities, the new maturity rates from the Public Works Loan Board (PWLB) at 31st March 2025 have been used. The valuation basis therefore uses Level 2 inputs (i.e. observable inputs other than quoted prices) in the fair value hierarchy.

- no early repayment or impairment is recognised

- where an instrument will mature in the next twelve months, fair value is assumed to approximate to amortised cost

- the fair value of trade and other short-term payables and receivables are taken to be the invoiced or billed amount

- the fair value can be reliably estimated.

	2025/26		2024/25	
	Carrying amount £'000	**Fair Value amount £'000**	**Carrying amount £'000**	**Fair Value £'000**
Financial Assets				
Investments at amortised cost	2,910	2,910	2,735	2,735
Long term debtors at amortised cost	19,548	17,166	18,091	15,098
Total	**22,458**	**20,076**	**20,826**	**17,833**

The fair value of long-term debtors is lower than the carrying amount because the debtors include fixed rate loans where the interest rate receivable from borrowers is lower than the rates available for similar loans at the Balance Sheet date.

	2025/26		2024/25	
	Carrying amount £'000	**Fair Value £'000**	**Carrying amount £'000**	**Fair Value £'000**
Financial Liabilities				
Borrowing – PWLB loans*	134,035	108,045	133,816	129,092
- long term bank loans	8,900	6,151	13,900	11,878
Total borrowing	**142,935**	**114,196**	**147,716**	**140,970**

*Includes current borrowing

The fair value is lower than the carrying amount because the council's borrowing includes fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount that the council would have to pay if it requested early repayment of the loans.

Nature and extent of risks arising from financial instruments

The council's activities expose it to a variety of financial risks. The key risks are:

- credit risk – the risk that other parties might fail to pay amounts due to the council
- liquidity risk – the possibility that the council might not have funds available to meet its commitment to make payments
- market risk – the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates

The council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the council to comply with the CIPFA Prudential Code for Capital Finance and the CIPFA Code of Practice on Treasury Management in Local Authorities (both revised in December 2021) and government investment guidance issued under the Act (revised in February 2018). Overall, these procedures require the council to manage risk in the following ways:

- by the adoption of a Treasury Policy Statement and treasury management practices within its financial regulations
- by approving annually in advance prudential and treasury indicators for the following three years
- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with government guidance.

These are required to be reported and approved at or before the council's annual Council Tax setting or before the start of the financial year to which they relate. The items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the council's financial instrument exposure. Actual performance is reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 17th March 2025. The two key controls were:

- The Authorised Limit for 2025/26 was set at £304 million. This is the maximum limit of external borrowings or other long-term liabilities
- The Operational Boundary for 2025/26 was set at £240 million. This is the expected level of debt and other long-term liabilities during the year.

These policies are implemented by a central treasury team. The council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices or TMPs) covering specific areas such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

<u>Credit Risk</u>

Credit risk arises from investments mainly with banks and other financial institutions, as well as credit exposure to the council's customers. This risk is minimised through the Annual Investment Strategy, which requires that investments are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also sets the maximum amounts and time limits in respect of each counterparty.

Investments are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria.

The council used the creditworthiness services of Arlingclose Limited during 2025/26. The maximum investment that could be made with an approved UK counterparty was £4 million in 2025/26. No breaches of the council's counterparty criteria occurred during the reporting period and the council does not expect any losses from non-performance by any of its counterparties.

The council's maximum exposure to credit risk in relation to its investments cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to that individual organisation. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of default applies to all of the council's investments, but there was no evidence at 31st March 2026 that this is likely to materialise. The following analysis summarises the council's potential maximum exposure to credit risk for investments outstanding at 31st March 2026 (excluding Group equities), based on experience of default assessed by the ratings agencies and adjusted to reflect current market conditions.

	Amount at 31 March 2026 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2026 % (c)	Estimated maximum exposure to Default £000 (a*c)
Investments with banks and other financial institutions				
A+ rated counterparties	-	-	-	-
Unrated pooled funds/MMF's	-	-	-	-
	0			**0**

As at 31st March 2026, the Council did not hold any investments with A+ rated counterparties or in any Money Market Funds (MMF's). The historical experience of default has been taken from average one year default rates published by the three main rating agencies in May 2026, relating to 2025-26 figures. Whilst current economic conditions have raised the overall possibility of default, the council maintains strict credit criteria for investment counterparties.

Due to the estimated maximum exposure to default amount being immaterial, no loss provision for 12 month expected credit losses under IFRS 9 has been charged to the Comprehensive Income and Expenditure Statement.

The council does not generally allow credit for its trade debtors as payment is due immediately. This means that all of the £1,959k trade debtor balance is technically past its due date for payment. The past due amount can be analysed by age as follows:

	2025/26 £000	2024/25 £000
Less than 3 months	1,839	2,251
3 to 6 months	41	55
6 months to 1 year	60	165
Over 1 year	19	8
	1,959	**2,479**

A loss provision of £225,300 as at 31st March 2026 (£225,300 31st March 2025) has been provided to cover the expected lifetime credit losses on these debts under IFRS 9.

Liquidity risk

The council has ready access to borrowings from the money markets to cover any day-to-day cash flow needs, and the Public Works Loan Board and money markets for access to longer term funds, ensuring there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the council could be required to replenish a significant portion of its borrowings at a time of unfavourable interest rates. This risk is reduced by working towards a rolling programme to ensure the maturity of loans is spread over a period of time.

The maturity analysis of long-term borrowings (excluding interest payable) is as follows:

	31st March 2026 £'000	31st March 2025 £'000
Less than 1 year	3,553	3,426
2-5 years	30,459	13,060
6-10 years	52,859	72,393
Uncertain date maturing in more than 10 years	56,064	64,480
Total	**142,935**	**153,359**

Market risk

The council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. By way of illustration, if interest rates were 1% higher in 2025/26, this would have had the following effect on the interest charged or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement:

	Amount outstanding (weighted average) in year £'000	Average actual interest rate %	Actual Interest payable / (receivable) £'000	Projected interest rate %	Projected interest payable / (receivable) £'000	Variation £'000
Borrowing Variable rate	**58,217**	**4.42**	**2,575**	**5.52**	**3,214**	**639**
Lending Fixed rate (up to1 year) Variable rate	**22,410**	**4.62**	**1,028**	**5.62**	**1,259**	**(231)**
Net loss / (gain) on surplus / deficit for year						**408**

Due to the large proportion of borrowing held at variable rates the impact on interest payable is heavily impacted. Conversely, the proportion of lending at variable rates and fixed rate allows the council to benefit from any increase in interest rates in the future. A large proportion of fixed rates is short term so any rate increases will benefit future investment returns.

Changes in interest rates will also affect the fair values of financial liabilities and financial assets classed as Loans and Receivables, however because these are carried at amortised cost rather than fair value, do not impact on the surplus or deficit on the provision of services or reserves. A rise in interest rates for example will reduce the fair value of borrowings and long-term investments.

The council has a number of strategies for managing interest risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The authority is also exposed to risk in terms of its exposure to market prices. With the exception of 'pooled' funds, nominal gains and losses on borrowings and investments do not impact on the Comprehensive Income and Expenditure Statement or the Movement in Reserves Statement.

The council's investment in a pooled property fund is subject to the risk of falling commercial property prices. For example, a 5% fall would result in a £134k charge to Other Comprehensive Income and Expenditure, although it would not affect the surplus or deficit on the provision of services unless the fund units were sold. The risk is limited by the council setting a maximum exposure to financial assets invested in property of £3 million and its intention to hold the units in the fund for a minimum period of 5 years.

The risk of rental income affecting future revenue from the fund would occur if commercial properties were to become vacant for long periods of time and would reduce the returns due to be received.

25. SHORT TERM DEBTORS

	31st March 2026 £'000	31st March 2025 £'000
Central Government Bodies	2,152	1,902
Other Local Authorities	4,134	2,537
Other entities and individuals-		
- Council Taxpayers	599	555
- Business Ratepayers	723	463
- Cheltenham Borough Homes Limited	431	1,498
- Ubico Limited	1,937	1,454
- Housing Rents	962	1,146
- Sundry Debtors	8,262	7,814
Total	**19,201**	**17,370**

Each line is shown net of any allowance for impairments (provision for bad debts). The breakdown of the allowance for impairment for 2025/26 is broken down below:

	Gross £'000	Impairment £'000	Net £'000
Central Government Bodies	2,152	-	2,152
Other Local Authorities	4,554	(420)	4,134
Other entities and individuals-			
- Council Taxpayers	952	(353)	599
- Business Ratepayers	1,044	(320)	723
- Cheltenham Borough Homes Limited	431	-	431
- Ubico Limited	1,937	-	1,937
- Housing Rents	1,469	(507)	962
- Sundry Debtors	8,659	(396)	8,262
Total	**21,198**	**(1,997)**	**19,201**

25.1 FINANCIAL INSTRUMENTS – SHORT TERM DEBTORS

	31st March 2026 £'000	31st March 2025 £'000
Debtors per table in Note 24	19,201	17,370
Less – Payments in advance	(1,208)	(791)
Central Government debtors	(3,902)	(2,540)
Local Government debtors	(4,134)	(2,837)
Benefit overpayments - invoiced	(400)	(356)
Benefit overpayments - ongoing	(71)	(100)
Council Taxpayers	(599)	(555)
Business ratepayers	(723)	(463)
Total	**8,163**	**9,729**

26. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March 2026 £'000	31st March 2025 £'000
Cash held by the Authority	1	2
Bank current accounts	2,077	565
Short term deposits and money market funds	0	0
Cash and cash equivalent assets	**2,078**	**567**
Cash and cash equivalent liabilities - bank overdraft	-	-
Net Cash and cash equivalents per Cash flow Statement	**2,078**	**567**

27. SHORT TERM CREDITORS

	31st March 2026 £'000	31st March 2025 £'000
Central Government Bodies	190	396
Other Local Authorities	750	1,722
Public corporations and trading funds	13	6
Other entities and individuals-		
- Council Taxpayers	168	154
- Business Ratepayers	269	472
- Cheltenham Borough Homes Limited	594	1,659
- Ubico Limited	163	181
- Housing Rents	729	746
- Sundry Creditors	6,926	12,454
Total	**9,803**	**17,791**

27.1 FINANCIAL INSTRUMENTS - SHORT TERM CREDITORS

	31st March 2026 £'000	31st March 2025 £'000
Creditors per Note 26.1	9,803	17,791
Less non-contractual items at 31 March		
Receipts in advance – Local Government	(84)	(25)
Receipts in advance – other entities	(1,502)	(2,078)
Central Government creditors	(1)	(7)
County Council Pension contributions	-	-
Council taxpayers	(168)	(154)
Business Ratepayers	(269)	(472)
Total	**7,779**	**15,056**

28. PROVISIONS

	Balance at 1st April £'000	Additional provisions made in Year £'000	Amounts used/reallocated in Year £'000	Balance at 31st March £'000
Short term				
Insurance	21	23	(12)	32
Business rates retention – RV reductions	659	1,525	(1,690)	494
	680	**1,548**	**(1,701)**	**527**
Long term				
Business rates retention – RV reductions	145	-	(5)	140
Total	**825**	**1,548**	**(1,706)**	**666**

Insurance

The Insurance Provision was established to fund the cost of insurance policy excesses arising from claims against the council by third parties. The provision represents the value of an assessment of the council's liability in respect of the current insurance claims outstanding with the council's insurers. Transfers between the Insurance Provision and the Insurance Reserve are made in order to provide adequate funding for the outstanding claims liability notified by the insurance company.

The insurance reserve is used to fund losses for which the council does not carry insurance cover, fluctuations in insurance premiums and corporate risk management strategy implementation.

Business Rates Retention – RV reductions including Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1st April 2013.

From this date local authorities acquired a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties and other reductions resulting from changes in the rating list. This includes amounts paid over to central government in respect of 2012/13 and prior years. Consequently the council considers it necessary to make a provision to cover its share of the repayments likely to be made. The provision is based on the expected success rate of appeals recorded by the Valuation Office at 31st March 2026 relating to appeals raised against charges up to 31st March 2017 and, for charges after this date, on an estimated reduction on the rating list based on historical experience, together with other known likely reductions. It has been split into short and long term elements to reflect the estimated time until settlement.

29. CONTINGENT LIABILITIES

Municipal Mutual Insurance Limited

The council's former insurers, Municipal Mutual Insurance Limited, ceased trading in 1992; the council became a party to the scheme of administration for liabilities outstanding at that time. Whilst there is a very low risk that the assets of the company will not meet the liabilities from insurance claims, the scheme guarantees that the council will reimburse the total of payments made in respect of claims less £50,000. At 31st March 2023 this potential total liability equated to £318,014, made up as follows:

	£
Gross claim payments to date	474,019
15% levy paid 2013/14	(63,603)
10% levy paid 2016/17	(42,402)
Net Payments	**368,014**
Levy retention	(50,000)
Potential liability 31st March 2024	**318,014**

This position has not changed since 2016/17, but is kept under review annually to ensure that a solvent run-off of the company's business is still anticipated. The likelihood and timing of any additional liabilities is unknown at this stage.

Development Agreement with Henry Boot Development and Factory

On 25 April 2022, Full Council agreed to underwrite all proper costs incurred by FB SHELFCO 2022 Limited between the signing of the Conditional Development Agreement between Henry Boot Developments Limited and Cheltenham Borough Council for the development of council owned land to the west of Cheltenham within the Golden Valley Development, up until the primary conditions of that agreement are satisfied. The total value of that underwrite approved was up to £8m.

On 24 July 2023, Full Council agreed to extend the underwrite up to £8.5m. This was to ensure that FB SHELFCO 2022 Limited are able to continue with designs for the Mobility Hub which will now be a critical part of the overall development proposal and planning application.

During the financial year, the council have been making contributions to the Development Account to ensure that the contingent liability stays within the underwrite previously approved by Full Council. At 31 March 2026, the total costs incurred (net of contributions) were £4.1m.

If at any point the Council became liable for the costs and the contingent liability was transferred to an obligation, they would be reclassified as an asset on the Council's Balance Sheet. This would only occur if the Development Agreement was terminated, the risk of which is low.

30. USABLE RESERVES AND TRANSFERS TO / FROM EARMARKED RESERVES

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement. Movements in the *earmarked* reserves shown on the statement are detailed below:

	Balance at 31 March 2024 £'000	Transfers out 2024/25 £'000	Transfers in 2024/25 £'000	Balance at 31 March 2025 £'000	Transfers out 2025/26 £'000	Transfers in 2025/26 £'000	Balance at 31 March 2026 £'000
Earmarked Reserves							
Capital Reserve	-	(163)	163	-	-	200	**200**
Equalisation Reserves	**952**	(475)	1,025	**1,502**	(25)	1,228	**2,705**
Repairs & Renewals Reserve	**667**	(231)	50	**486**	(146)	50	**390**
Reserves for Commitments	**508**	(508)	423	**423**	(423)	379	**379**
Other earmarked reserves	**1,093**	(172)	178	**1,099**	(23)	943	**2,019**
Total	**3,220**	**(1,549)**	**1,839**	**3,510**	**(617)**	**2,800**	**5,693**

Purpose of reserves

- **Capital Reserve** – to help finance the general fund capital programme.
- **Equalisation Reserves** – to smooth out fluctuations in expenditure or income resulting from cyclical events, for example bi-annual local elections, and to cushion the impact of fluctuating activity levels (for example in housing benefit payments or business rates).
- **Repairs and Renewals Reserve** – to meet the cost of planned and reactive repairs to buildings and infrastructure.
- **Reserves for Commitments** – to cover the cost of budget commitments where spending did not take place in the year approved, but is planned to take place in the following year.
- **Other earmarked reserves** – sums built up to cover future planned expenditure, for example support for the revenue budget, risk management, and Public Realm improvements.

31. UNUSABLE RESERVES

The council keeps a number of reserves which do not represent usable resources for the council as they are required to be held for statutory reasons, or to comply with proper accounting practice.

Reserve	31st March 2026 £'000	31st March 2025 £'000	Purpose of Reserve
Revaluation Reserve	206,384	192,761	Store of gains on revaluation of non-current assets not yet realised through sales
Financial Instruments - Revaluation Reserve	(602)	(602)	Store of gains and losses arising from changes in the value of financial instruments (excluding on pooled funds from 1st April 2018) carried at fair value through other comprehensive income and not yet realised through sales
Pooled Investment Funds - Adjustment Account	(658)	(721)	Store of gains and losses arising from changes in the fair value of pooled investment funds since 1st April 2018
Capital Adjustment Account	193,741	204,783	Store of capital resources set aside to meet past expenditure
Financial Instruments - Adjustment Account	-	(1,019)	Balancing account to allow for differences in statutory requirements and proper accounting practices relating to borrowing and investments
Pensions Reserve	(4,368)	(28,725)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet.
Collection Fund - Adjustment Account	(1,456)	(1,067)	Balancing account to allow for differences in statutory requirements and proper accounting practices for council tax and NNDR (business rates) surpluses/deficits
Accumulating Compensated Absences - Adjustment Account	(187)	(124)	Balancing account to allow for differences in statutory requirements and proper accounting practices for staff leave and additional hours not taken at the year end
Deferred Capital Receipts - Reserve	6,492	2,647	Capital receipts to be received in future years e.g. from finance lease or mortgage repayments
Total Unusable Reserves	**399,346**	**367,933**	

Revaluation Reserve

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**208,711**	**192,762**
Revaluation gains on non-current assets	6,493	23,479
Downward revaluation of assets and impairments	(7,392)	(7,273)
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**207,811**	**208,968**
Accumulated gain on assets sold, derecognised or reclassified	-	-
Difference between fair value and historical cost depreciation	(1,427)	(257)
Amount written off to the Capital Adjustment Account	**(1,427)**	**(257)**
Balance at 31st March	**206,384**	**208,711**

The Revaluation Reserve contains gains arising from increases in the value of Property, Plant and Equipment, Heritage Assets and Assets Held for Sale arising since 1st April 2007. Accumulated gains arising before that date are consolidated into the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are re-valued downwards or impaired, depreciated or disposed of.
The balance on the reserve therefore represents the amount by which the current values of non-current assets carried on the Balance Sheet are greater because they are carried at re-valued amounts rather than at depreciated historical cost.

Financial Instruments Revaluation Reserve

This reserve (formerly the Available-for-Sale Financial Investments Reserve) contains gains arising from increases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments, with the exception of gains and losses on pooled investment funds since 1st April 2018, which are contained in a separate reserve (see below). The balance is reduced when investments with accumulated gains are revalued downwards and the gains are lost, or when the investments are disposed of and the gains realised.

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**(602)**	**(602)**
Revaluation of investments not charged to the surplus or deficit on the provision of services:		
Downward revaluations	-	-
Balance at 31st March	**(602)**	**(602)**

Pooled Investment Funds Adjustment Account

This reserve contains gains and losses on pooled funds arising from changes in their fair value from 1st April 2018. Such changes are initially charged to the surplus or deficit in the provision of services but reversed out to this reserve by a statutory override in the Movement in Reserves Statement.

Capital Adjustment Account

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**206,917**	**204,783**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
· Charges for depreciation and impairment of non-current assets	(11,164)	(10,664)
· Revaluation gains/(losses) on Property, Plant and Equipment	(9,864)	(325)
· Amortisation of intangible assets	(162)	(1)
· Revenue expenditure funded from capital under statute	(,1,019)	(1,323)
· Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,257)	(4,315)
	177,451	**188,155**
Capital receipts received on repayment of long term loans	(207)	(201)
Adjusting amounts written out of the Revaluation Reserve	1,427	257
Net amount written out for the cost of non-current assets consumed in the year	**178,671**	**188,211**
Capital Financing applied in the year:		
· Use of Capital Receipts Reserve to finance new capital expenditure	2,506	11,227
· Use of Capital Receipts Reserve to repay debt	3,669	-
· Use of the Major Repairs Reserve to finance new capital expenditure	6,249	5,983
· Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing and application of grants to capital financing from the Capital Grants Unapplied Account	5,792	8,306
· Statutory and voluntary provision for the financing of capital investment charged against the General Fund Balance	1,255	677
· Statutory provision for the financing of capital investment charged against usable capital receipts	-	-
· Capital expenditure charged against the general fund and HRA balances	57	481
	198,199	**214,885**
Movements in the market value of Investment properties (charged) or credited to the Comprehensive Income and Expenditure Statement	(4,458)	(1,985)
Balance at 31st March	**193,741**	**212,900**

The Capital Adjustment Account accumulates the resources that have been set aside to finance capital expenditure, which are then reduced by the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal.

The balance thus represents the timing differences between the historical cost of non-current assets that have been consumed, and the cost financed in accordance with statutory requirements.

The Account also contains accumulated gains and losses on Investment properties that have yet to be consumed by the council and revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Financial Instruments Adjustment Account

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**(1,019)**	**(1,019)**
Net Premiums incurred in previous years charged against the General Fund Balance	1,019	1,019
Balance at 31st March	**-**	**-**

This account absorbs the timing differences between the accounting treatment of income and expenses relating to certain financial instruments, and their statutory provisions.

Where premiums and discounts arising on the early repayment of loans are required to be charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over a number of years. The council has a policy of spreading the gain or loss over the period that was remaining on the loan when it was repaid. The reconciliation of amounts required to be charged to the Comprehensive Income and Expenditure Statement to the net charge made against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movements in Reserves Statement.

Collection Fund Adjustment Account

This account reflects the difference between the rate at which collection fund surpluses or deficits are released to the council's General Fund Balance according to proper accounting practice, and the rate at which they are released according to statute. Proper accounting practice requires the surpluses or deficits generated in the year to be included in the Comprehensive Income and Expenditure Statement for the year, whereas statute does not allow these to be released to the general fund balance until the following year. The balance on this account therefore represents the surplus available to be released to the general fund balance in the future.

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**(1,222)**	**(1,067)**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from that calculated for the year in accordance with statutory requirements	(234)	(1,659)
Balance at 31st March	**(1,456)**	**(1,222)**

Pensions Reserve

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**(20,207)**	**(28,725)**
Re-measurement of the net defined benefit liability	14,047	4,910
Reversal of items relating to retirement benefits charged or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,289)	(1,403)
Employer's Pension contributions and direct payments to pensioners payable in the year	5,081	5,011
Balance at 31st March	**(4,368)**	**(20,207)**

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 provision. The council 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 the resources set aside to meet the costs.

However statutory arrangements require benefits earned to be financed when the council makes employer's contributions, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council 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.

Deferred Capital Receipts Reserve

This comprises capital receipts receivable in future years, for example from finance leases and mortgage repayments, which are not usable until they are received. The amount at 31st March 2026 includes £6.491 million (£4.391 million at 31st March 2025) for vehicles and plant leased to Ubico Limited under finance leases.

	2025/26 £'000	2024/25 £'000
Balance at 1st April	**4,391**	**2,647**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,135	2,640
Transfer to the Capital Receipts Reserve upon receipt of cash	(1,034)	(896)
Balance at 31st March	**6,492**	**4,391**

32. DEFINED BENEFIT PENSION SCHEME

Participation in the pension scheme
As part of the terms and conditions of employment of its officers and members, the council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Cheltenham Borough Council is a member of the Gloucestershire County Council Pension Fund, for which Gloucestershire County Council is the administering authority. It is contracted out of the State Second Pension. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).This means that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

The principal risks to the authority of the pension scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute.

Transactions relating to post-employment benefits
The council recognises the costs of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement (MIRS). The following transactions have been made in the Comprehensive Income and Expenditure Statement (CIES) and the General Fund Balance via the MIRS during the year:

	2025/26 £'000	2024/25 £'000
Comprehensive Income and Expenditure Statement (CIES):		
Service cost comprising:		
Current service cost	(2,254)	(2,497)
Past service cost		(69)
Financing and Investment Income and Expenditure:		
Net Interest Expense	(1,035)	1,163
Total post-employment benefits charged to Surplus or Deficit on Provision of Services	(3,289)	(1,403)
Other post-employment benefits charged to the CIES:		
Re-measurement of the net defined benefit liability comprising:		
Return on assets (excluding the amount included in the net interest expense)	8,178	(1,590)
Changes in demographic assumptions	3,241	296
Changes in financial assumptions	4,362	25,186
Other experience	(10,113)	1,804
Total post-employment benefit charged to CIES	**14,047**	**25,696**
Movement in Reserves Statement:		
Reversal of net charges made to Surplus or Deficit on Provision of Services for post-employment benefits in accordance with the Code	(3,289)	(1,403)
Actual amount charged against General Fund Balance for pensions in the year		
Employer's pension contributions and direct payments to pensioners	5,179	5,011

Up-front Payment of Secondary Pension Contributions

On 1 April 2023, the Council made an up-front payment of £6.258m for secondary employer pension contributions for the three years 2023/24 to 2025/26. This payment covers the discounted cost of the future employer contribution which will be required for these three periods.

The actuary calculated the Equivalent Discounted annual Lump Sums Certified across the three years as follows:

- £2.365 million relating to 2023/24;
- £2.080 million relating to 2024/25; and
- £1.813 million relating to 2025/26.

The savings generated by the payment in advance were judged to be greater value than could have been achieved by investing the balance as part of the Council's treasury management strategy and represented good value for money.

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 plan is as follows:

	2025/26 £'000	2024/25 £'000
Reversal of prior year asset ceiling		32,918
Present value of the defined benefit obligation	(154,548)	(147,529)
Effect of the asset ceiling	(59,827)	
Fair value of plan assets	210,020	193,604
Net asset/(liability) arising from defined benefit obligation	**(4,368)**	**46,075**
Expected net asset once agreed part service contributions are paid		**(65,319)**
Net asset/(liability) arising from defined benefit obligation disclosed on the Balance Sheet	**(4,368)**	**(18,394)**

The Council's pension asset increased during 2025/26 by £9.397m from an asset of £46.075m to an asset of £55.472m. This is in part due to the Council's strategy implemented in 2020/21 and continued again in 2025/26 to make an upfront payment of secondary employer pension contributions, providing greater value from our treasury management activity.

In the preparation of the Statement of Accounts, an asset ceiling report was commissioned to allow management to assess how the balance should be recognised and disclosed in the accounts. Based on the information in the asset ceiling report, an adjustment has been applied to recognised an additional liability. This is because the economic benefit available as a reduction in future contributions is lower there is an additional liability to account for the effect of the asset ceiling.

Reconciliation of the present value of the scheme liabilities (Defined Benefit Obligation)

	Funded Liabilities Local Government Pension Scheme	
	2025/26 £'000	**2024/25 £'000**
Opening Balance at 1st April	**(147,529)**	**(130,661)**
Current service cost	(2,254)	(2,497)
Past service cost (including curtailments)		(69)
Interest cost	(12,173)	(7,748)
Contributions from scheme participants	(1,069)	(934)
Remeasurement gain/(loss):		
Arising from changes in demographic assumptions	3,241	296
Arising from changes in financial assumptions	4,362	25,186
Other experience	(10,113)	1,804
Benefits paid	7,441	7,258
Unfunded benefits paid	99	96
Effect of business combinations and disposal		(40,260)
Closing balance at 31st March	**(154,548)**	**(147,529)**

Present value of Funded liabilities	**(153,729)**	**(146,679)**
Present value of Unfunded liabilities	**(819)**	**(850)**
Closing balance 31st March	**(154,548)**	**(147,529)**

The Local Government Pension scheme assets comprised:

-	Fair Value of Scheme Assets 2025/26 £'000			Fair Value of Scheme Assets 2024/25 £'000		
Asset Category	**Quoted prices in active markets**	**Quoted prices not in active markets**	**Total**	**Quoted prices in active markets**	**Quoted prices not in active markets**	**Total**
Private equity:						
All		6,008.5	6,008.5	-	5,543.2	5,543.2
Real Estate:						
UK Property	2,847.5	10,402.0	13,249.5	6,437.9	5,281.5	11,719.4
Overseas property	-	3,391.5	3,391.5	-	3,604.4	3,604.4
Investment Funds and Unit Trusts:						
Equities	-	127,628.1	127,628.1	-	117,782.3	117,782.3
Infrastructure	-	10,552.1	10,552.1	-	10,516.6	10,516.6
Bonds	14,706.2	20,661.2	35,367.4	13,936.3	19,563.3	33,499.6
Other		8,290.3	8,290.3	-	8,249.8	8,249.8
Derivatives:						
Foreign Exchange	918.1		918.1	142.9		142.9
Other				-	-	0
Cash & Cash equivalents:						
All	4,614.5		4,614.5	2,546.8		2,546.8
Totals	**23,086**	**186,934**	**210,020**	**23,064**	**170,540**	**193,604**

The Local Government Pension Scheme's assets consist of the following categories by proportion of the total assets held:

	2025/26 %	**2024/25** %
Equity investments	61	61
Bonds	17	17
Property	12	12
Other	4	4
Infrastructure	5	5
Cash	1	1
Total	**100**	**100**

Reconciliation of movements in the fair value of the scheme (Plan) assets

	Funded Assets Local Government Pension Scheme	
	2025/26 £'000	2024/25 £'000
Opening fair value of scheme assets 1st April	**193,604**	**138,747**
Interest income	11,138	8,911
Re-measurement gain/(loss):		
Return on plan assets (excluding the amount included in the net interest expense)	8,178	(1,590)
Other experience	290	
Contributions from employees into the scheme	1,069	934
Contributions from employer	3,182	2,835
Contributions from employer in respect of unfunded benefits	99	96
Unfunded benefits paid	(99)	(96)
Effect of Business combinations and disposals		51,025
Benefits paid	(7,441)	(7,258)
Closing fair value of scheme assets 31st March	**210,020**	**193,604**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc.

It is expected that a standard roll-forward process to produce the asset and liability values which have a potential inaccuracy of up to 2-3% per year since the last triannual valuation date of 31 March 2022. Hence at 2025, there are three years of uncertainty for our fund, resulting in around 6-9% maximum potential inaccuracy in the accounting results. It is not necessarily expected that the uncertainty would work in the same direction each year and the impact could be lower than 2% per year in many cases.

The Gloucestershire County Council pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 1 April 2022. The significant assumptions made in their calculations have been:

	Local Government Pension Scheme	
	2025/26	2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	22.2 years	21.5 years
Women	24.8 years	24.1 years
Longevity at 65 for future pensioners *		
Men	22.7 years	22.4 years
Women	26.2 years	25.7 years
Rate of pension increase / inflation (CPI)	3.00%	2.80%
Rate of increase in salaries	3.50%	3.30%
Rate for discounting scheme liabilities	6.20%	5.80%

* Future pensioners' numbers assume members aged 45 as at the last formal valuation date.

Commutation

An allowance is included 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.

Sensitivity analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the 31 March 2026 and assumes for each change that the assumption analysed changes whilst all other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous financial year.

Change in assumptions at year ended 31 March 2026	Approximate % increase to Employer	Approximate cost to Employer £000
0.1% decrease in Real Discount Rate	1.00%	2,166
1 year increase in member life expectancy	4.00%	6,182
0.1% increase in the Salary Increase Rate	0.00%	91
0.1% increase in the Pension Increase Rate	1.00%	2,074

The above figures have been derived based on the membership profile of the scheme as at the most recent actuarial valuation, being 31 March 2026.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis, with the most recent triennial valuation on 31 March 2022.

33. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2025/26 £'000	2024/25 £'000
Interest received	(909)	(51)
Interest paid	10,765	(277)

The surplus or deficit on the provision of services has been adjusted for the following non-cash or additional cash movements:

	2025/26 £'000	2024/25 £'000
Depreciation	(11,221)	(10,644)
Impairment and downward valuations	(9,864)	(346)
Amortisation	(241)	(3)
Increase (-) / decrease in creditors	18,558	12,462
Increase / decrease (-) in debtors	2,441	10,418
Increase / decrease (-) in inventories	41	(34)
Movement in pension liability	(11)	1,042
Carrying amount of non-current assets sold or derecognised	(7,257)	(4,315)
Other non cash items charged to the net surplus or deficit on the provision of services	(4,286)	(1,655)
		6,925

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2025/26 £'000	2024/25 £'000
Proceeds from the sale of PPE, investment property and intangible assets	9,472	5,512

34. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2025/26 £'000	2024/25 £'000
Purchase of property, plant and equipment, investment property and intangible assets	38,570	25,884
Purchase of Investments	5,175	4,450
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,371)	(3,559)
Proceeds from the sale of short and long term investments	(5,000)	(4,000)
Other receipts from investing activities	(207)	(201)
Net cash (inflows) / outflows from investing activities	**31,167**	**22,574**

35. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2025/26	2024/25

	£'000	£'000
Cash receipts of short and long term borrowing	(165,201)	(227,853)
Other receipts/payments for financing activities	(17,454)	(13,882)
Repayments of short and long term borrowing	152,158	224,776
Net cash flows from financing activities	**(30,497)**	**(16,959)**

THE COLLECTION FUND - INCOME AND EXPENDITURE ACCOUNT

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities (such as Cheltenham) to maintain a separate fund to record the collection and distribution of non-domestic rates and council tax.

2024/25 £'000		Note	2025/26 £'000
	INCOME		
95,630	**Council Tax**	(i)	101,762
60,712	**Non-Domestic Rates**	(iii)	65,729
	Contribution towards previous year's deficit		
1,186	Non-domestic rates		2,415
69	Council Tax		
157,597	**Total Income**		**169,906**
	EXPENDITURE		
94,416	**Precepts & Demands from major preceptors and the Authority - Council Tax**	(ii)	100,381
	Non-Domestic Rates	(iii)	
30,360	Shares paid to county council and the billing authority		32,079
30,360	Payment of central share to government		32,079
-	Transitional protection payments		
72	Interest on repayments		165
167	Charge payable to General Fund for Costs of Collection		167
	Impairment of debts for Council Tax		
400	Allowance for Impairment		305
	Impairment of debts/appeals for non-domestic rates		
1,580	Allowance for Impairment		4,300
	Contribution towards previous year's surplus		
0	Council Tax		848
0	Non-domestic rates		-
157,356	**Total Expenditure**		**170,325**
241	**Surplus / (Deficit) for the Year**		(419)
(2,646)	Balance of fund at 1st April		(2,405)
(2,405)	**Balance of fund at 31st March**	(iv)	**(2,824)**

(i). COUNCIL TAX

Council Tax is a property based tax with various reductions being made for differing circumstances e.g. single occupancy (25% discount). The Valuation Office has valued all domestic property in the area as at 1st April 1991 prices and has placed them into one of eight bands. A factor is then applied to each band of that the tax base can be expressed as a “Band D” equivalent (see below). A Band D council tax for the council and each preceptor is then calculated by dividing their requirements (their demands and precepts). by the Tax Base. Council taxes for other bands are then calculated by multiplying the Band D tax by the relevant proportion shown below.

Band	Estimated Number of Properties in each Band (adjusted for discounts and premiums)	Ratio	Band “D” Equivalents
A Disabled	5.75	5/9	3.2
A	8,209.25	6/9	5,472.8
B	11,859.75	7/9	9,224.3
C	12,755.50	8/9	11,338.2
D	8,629.25	1	8,629.3
E	4,850.00	11/9	5,927.8
F	2,620.75	13/9	3,785.5
G	2,055.00	15/9	3,425.0
H	115.25	2	230.5
	51,100.5		48.036.6
Less Council Tax support (Band D equivalents)			-3,137.4
Less adjustment (this amounts to 1% of the tax base)			-449.0
Council Tax Base for 2025/26			**44,450.2**

(ii). PRECEPTS & DEMANDS

	2025/26 £’000	2024/25 £’000
Gloucestershire County Council	74,661	70,032
Cheltenham Borough Council	10,881	10,404
Gloucestershire Police & Crime Commissioner	14,317	13,486
Charlton Kings Parish Council	260	242
Leckhampton with Warden Hill Parish Council	97	92
Prestbury Parish Council	117	113
Swindon Parish Council	13	13
Up Hatherley Parish Council	36	34
	100,381	**94,416**

In practice the council precepts for its own requirements and for the parishes. The parishes’ requirements are in turn paid out of the council’s General Fund.

(iii). NON-DOMESTIC RATES

The council collects non-domestic rates for its area based on business rateable values (as assessed by the Valuation Office) multiplied by a uniform rate set by the government. Certain reliefs are available and the figure shown is net of these reliefs.

From 1st April 2013 the Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities' general funds to retain a proportion of the business rates generated in their area, subject to their general funds paying a 'Tariff' payment to the government if the amount exceeds a 'baseline funding' level or receiving of a 'Top-up' if it is below the funding level.

Normally district councils such as Cheltenham receive 40%, county councils 10% and central government 50% of business rates collectable, with write offs, provision for impairment of debts and any surplus or deficit generated being shared in the same proportions. If growth exceeds a certain threshold then the council's general fund must pay a 'levy' to central government on the extra growth, or if the rates collectable fall below a certain amount the council receives a 'safety net' payment from the government.

The council is, however, 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 members.

The total non-domestic rateable value at 31st March 2026 was £147.831 million (£147.469 million at 31st March 2025) and the national non-domestic multipliers for 2025/26 were 55.50p (54.60p in 2024/25) (standard rate) and 49.90p (49.90p in 2024/25) (small business rate).

(iv). FUND BALANCE

The fund balance for council tax is shared between the council and its major precepting authorities (Gloucestershire County Council and the Gloucestershire Police & Crime Commissioner), in proportion to heir 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:

	Borough Council share £'000	County Council share £'000	Police share £'000	Central Government share £'000	Total £'000
Council Tax					
Balance at 31st March 2025	**106**	**676**	**130**	**-**	**912**
Increase/decrease (-) in the year	24	171	32	-	227
Balance at 31st March 2026	**130**	**847**	**162**	**-**	**1,139**
Business Rates					
Balance at 1st April 2025	**(1,326)**	**(332)**	**-**	**(1,659)**	**(3,317)**
Increase/decrease (-) in the year	(259)	(64)	-	(323)	(646)
Balance at 31st March 2026	**(1,585)**	**(396)**		**(1,982)**	**(3,963)**
Fund Balance at 31st March 2026	**(1,455)**	**451**	**162**	**(1,982)**	**(2,824)**

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) reflects a statutory obligation to keep a separate revenue account for the provision and maintenance of council owned houses and flats. The HRA Income and Expenditure Statement shows the cost in the year of providing these housing services.

	2025/26	2024/25
	£'000	£'000
Expenditure		
Repairs and Maintenance	4,939	5,511
Supervision and Management	9,699	9,387
Rents, Rates, Taxes and Other Charges	353	231
Depreciation and Impairment of Non-current Assets	5,789	6,005
Debt Management Costs	98	116
Movement in Bad Debts	154	78
Total Expenditure	**21,032**	**21,328**
Income		
Dwelling Rents	(24,561)	(23,643)
Non-dwelling Rents	(257)	(250)
Charges for services and facilities	(1,215)	(841)
Contributions towards expenditure	(298)	(641)
Total Income	**(26,331)**	**(25,375)**
Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement	**(5,299)**	**(4,047)**
HRA share of Corporate and Democratic core	806	758
Net cost of HRA Services	**(4,493)**	**(3,289)**
HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
Gain on sale of HRA Non-current Assets	(1,064)	(1,062)
Interest Payable and Similar Charges	3,546	3,211
Interest and Investment Income	(28)	(46)
Revenue Grants Receivable	0	(17)
Capital Grants and Contributions Receivable	(3,953)	(1,450)
Pension Interest & Cost Returns	341	0
Surplus for the Year on HRA Services	**(5,651)**	**(2,653)**

MOVEMENT ON THE HRA STATEMENT

This statement shows how the surplus or deficit on the HRA Income and Expenditure Statement reconciles to the movement in the Housing Revenue Account Balance, which is governed by statute.

	2025/26 £'000	2024/25 £'000
Balance on the HRA at the end of the previous year	**648**	**936**
Surplus for the year on the HRA Income and Expenditure Statement	5,651	2,953
Adjustments between accounting basis and funding basis under statute (note 1)	(5,510)	(3,247)
Increase / (decrease) on the HRA	**141**	**(294)**
Balance on the HRA at the end of the current year	**789**	**642**

NOTES TO THE HRA STATEMENTS

1. Adjustments between accounting and funding basis under the legislative framework

	2025/26 £'000	2024/25 £'000
Items included in the HRA Income and Expenditure Account but excluded from the Movement in the HRA Balance		
Capital contributions applied	(3,953)	(1,750)
(Gain)/loss on sale of HRA non-current assets	(1,064)	(1,062)
Pension costs transferred from the Pensions Reserve	6	(455)
Holiday Pay transferred to the Accumulated Absences Account	19	20
Movements in the fair value of assets	(518)	-
	(5,510)	**(3,247)**
Items not included in the HRA Income and Expenditure Account but included in the Movement in the HRA Balance		
Capital expenditure funded by the HRA	-	-
Net adjustments between accounting basis and funding basis under the regulations	**(5,510)**	**(3,247)**

2. Housing Stock

An analysis of the number and types of dwellings is detailed below:

Type	Total at 1st April 2025	Additions	Sales	Demolition	Total at 31st March 2026
Houses and Bungalows	2,100	21	21	0	2,100
Flats	2,453	24	12	0	2,465
Shared Ownership (flats)*	16	0	3	0	13
Shared Ownership (houses)*	5	0	1	0	4
Total Stock	**4,573**	**45**	**37**	**0**	**4,582**

*Council share of shared ownership properties.

3. HRA Non-Current Assets

The non-current assets included in the Balance Sheet that relate to the HRA are shown below:

	1st April 2025 £'000	Revaluations/ Impairments £'000	Additions £'000	Reclass-ifications £'000	Disposals £'000	Depre-ciation £'000	31st March 2026 £'000
Dwellings	280,782	(7,351)	17,468		(2,245)	(5,967)	282,687
Assets under construction	8,157		9,677			(277)	17,557
Garages*	2,315					(36)	2,279
Other land and buildings	1,937		1			(168)	1,770
Infrastructure	8,642		727			(2,748)	6,621
Surplus assets	13,257	5,263				(361)	18,159
Equipment	28					(21)	7
Intangible Assets	586					(120)	466
Total non-current assets	**315,704**	**(2,088)**	**27,873**		**(2,245)**	**(9,698)**	**329,546**

*Garages are included in Other Land & Buildings on the Balance Sheet.

4. Impairment and Revaluation of Non-Current Assets

HRA dwellings are revalued every five years (the last revaluation was undertaken as at 31st March 2025). In interim years the dwelling valuation is updated by the movement in the house price index for Cheltenham published by the Land Registry. The valuation is at Existing Use Value for Social Housing (EUV-SH) or market value (MV) adjusted by a factor to reflect the fact that the properties are socially rented. The adjustment factor is published by the Department for Communities and Local Government and is set regionally. The south-west adjustment factor is currently 35% of Market Value.

5. Dwellings Valuation

The vacant possession value of dwellings within the HRA (i.e. their value without secure tenants) at 1st April 2026 was £808,408,572.

The difference between the vacant possession value and the lower Balance Sheet valuation (existing use value for social housing (EUV-SH)) measures the economic cost of providing council housing at less than open market rents.

6. Major Repairs Reserve

An analysis of the movements on the reserve during the year is shown below:

	£'000
Balance 1st April 2024	-
Transfer to reserve	6,249
Financing of HRA capital expenditure	(6,249)
Balance 31st March 2026	**-**

7. HRA Capital Expenditure

A summary of HRA capital expenditure and sources of finance for 2024/25 is shown below:

Category	Total Expenditure £'000	Major Repairs Reserve £'000	Capital Receipts £'000	Capital Conts £'000	Grants £'000	Loans £'000	Leaseholder Recharges £'000	Commuted Sums £'000
New Build	9,688	-	-	-	2,116	6,556	90	1,015
Acquisitions	2,508	-	2,508	-	-	-	-	-
Major repairs & improvements	13,980	6,249	-	-	1,070	7,133	-	-
Garages	0	-	-	-	-	-	-	-
Infrastructure	1,699	-	-	-	-	1,137	-	-
Total	**27,874**	**6,249**	**2,508**	**-**	**3,186**	**14,826**	**90**	**1,015**

8. HRA Capital Receipts

An analysis of HRA capital receipts realised during the year is shown below:

	2025/26 £000	2024/25 £000
Sales of Dwellings	3,670	2,126
Sale of Shared Ownership Flats/Houses		419
Sales of Land		-
Insurance Claim		92
Total	**3,670**	**2,637**

9. Rent Arrears

Rent arrears at 31st March 2026 amounted to £907,224 (£748,008 as at 31st March 2025) and the Balance Sheet includes a bad debt provision of £503,000 relating to those arrears (£451,000 as at 31st March 2025).

10. Interest and Investment Income

This includes £26,283 interest from notional cash balances (£46,017 in 2024/25)

GLOSSARY OF FINANCIAL TERMS

Accounting Code of Practice	Although the preparation and control of accounting is regulated, there is no statutory basis for accounting entries. Instead, Local Authorities have to comply with the CIPFA/LASAAC Code of Practice on Local authority accounting in the United Kingdom (The Code).
Accounting Period	The period of time covered by the accounts, normally a period of twelve months commencing on 1st April for local authority accounts. The end of the accounting period is the balance sheet date.
Accounts	A generic term for statements setting out details of income and expenditure or assets and liabilities or both, in a structured manner. Accounts may be categorised either by the type of transactions they record, e.g. revenue account, capital account or by the purpose they serve, e.g. management accounts, final accounts, balance sheets.
Accounting Policies	The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.
Accruals	Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.
Actual	Actual, as opposed to budget, expenditure and income directly attributable to an accounting period.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Amortised cost	Financial instruments are shown on the balance sheet at amortised cost, being the principal amount of the loan plus or minus the balance of any premium or discount associated with that loan, plus any interest accrued at the balance sheet date.
Audit of Accounts	An audit is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and codes of practice have been followed.
Balances	Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the council, to reduce future demands on the Collection Fund or to meet unexpected costs during the year. Balances on holding accounts and provisions are available to meet expenditure in future years without having adverse effect on revenue expenditure.
Billing Authority	The authority that sets council tax and collects it from council tax payers.
Budget	A financial plan that expresses an organisation's service delivery plans and capital programmes in monetary terms.
Budget Strategy	A document setting out how an organisation is going to meet its policies and priorities, taking into account the resources available to the organisation. This will

include proposals for efficiency savings and possible service changes or reductions, which may free up resources for use on other policies or priorities.

Capital Expenditure This is expenditure on items providing benefits to the organisation over more than one year, such as land, buildings or vehicles.

Capital Financing The raising of money to finance capital expenditure. In the past the cost of capital assets was usually met by borrowing, but capital expenditure may also be financed by other means such as contributions from revenue accounts, the proceeds from the sale of capital assets, and capital grants and contributions from developers or others.

Capital Financing Requirement The capital financing requirement measures the council's underlying need to borrow for capital purposes.

Capital Grants Grants received towards capital expenditure on a specific service or project.

Capital Programme This is a financial plan of the capital expenditure projects that the organisation intends to carry out over a specified time period.

Capital Receipt This is income resulting from the sale of assets such as land or property. The Government decides what proportion of each capital receipt can be used by the council to finance new capital expenditure. Capital receipts cannot be used to fund revenue expenditure.

Cash & Cash equivalents Cash in hand plus deposits in banks or building societies, repayable on demand or within 24 hours, and deposits maturing within 3 months of the date taken out.

CIPFA The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in local government and other public bodies. The Institute provides financial and statistical information services for local government and advises central Government and other bodies on local government and public finance matters.

Collection Fund This is a statutory fund kept separate from the main accounts of the council. It records all income due from Council Tax and National Non Domestic Rates and shows how that income was shared between central government, the County Council and the Police and Crime Commissioner.

Consistency One of the fundamental accounting concepts, it requires accountants to treat similar items of income and expenditure in the same way both within an accounting period and from one accounting period to the next.

Contingent Asset An asset which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example a claim for compensation that a council is pursuing through the due legal process, where the outcome will only be decided by the decision of the courts.

Contingent Liability	A liability which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example, the default by a borrower on a loan from a third party for which the council has given a guarantee.
Council Tax	A local tax levied on dwellings within the local authority area. The level of taxation is based on the capital value of the property, which is categorised into one of eight bands from A to H, and the number of people living in the dwelling.
Creditors	Amounts owed by the council for work done, goods received or services rendered within the accounting period, but for which payment was not made at the balance sheet date.
Current Assets	Assets which can be expected to be consumed or realised during the next accounting period.
Current Liabilities	Amounts which will become due or could be called upon during the next accounting period.
Debtors	An amount due to an organisation within the accounting period not received at the balance sheet date.
Depreciation	A charge made to the revenue account each year that reflects the reduction in value of assets used to deliver services. This is the loss in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.
Employee Costs	These include salaries, wages and employers' national insurance and pension contributions, together with training expenses and charges relating to the index-linking of pensions of former employees.
Estimates	Original estimate: the estimate for the new year approved before the start of the financial year, usually at the previous November's price levels. Revised estimate: the original estimate for the year updated by price changes since it was prepared and by supplementary estimates and virements.
Final Accounts	Accounts prepared for an accounting period, usually in a summarised form. They include a statement showing the net surplus (profit) or deficit (loss) on the provision of services and a balance sheet. They are produced as a record of steward-ship for interested parties. Local authorities are required by the Accounts and Audit Regulations 1993 (as amended) to publish a Statement of Accounts at the end of each financial year.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee (the person or organisation leasing the asset).

Financial Year	The local authority financial year commences on 1st April and finishes on 31st March in the following year.
Government Grants	Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some Government grants have restrictions on how they may be used, whilst others are general purpose.
Impairment	Impairment of an asset is caused by a consumption of economic benefits (e.g. physical damage such as an office fire) or a deterioration in the quality of service provided by the asset (e.g. an industrial unit closing and becoming a storage facility), or by a general fall in prices of that particular asset or class of assets.
Interest	An amount received or paid for the use of a sum of money when it is invested or borrowed.
International Financial Reporting Standards (IFRS)	Provide the required accounting treatment and disclosure of transactions so that an organisation's financial statements present fairly the financial position of the organisation.
Inventories	Items of raw materials and stores a council has purchased to use on a continuing basis but which have not yet been used.
Joint Venture	An entity in which the reporting authority has an interest on a long-term basis and is jointly controlled by the reporting authority and one or more entities under a contractual or other binding agreement.
Materiality	One of the main accounting concepts, it ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to a council's revenue account as a contribution towards the reduction in its overall borrowing requirement. The amount represents that which the council considers to be prudent, taking into account the period over which the borrowing was taken, which is usually equivalent to the life of the asset.
National Non Domestic Rates (NNDR)	An NNDR rate (multiplier) is set annually by central government and is applied to the rateable value of a business to calculate the non-domestic rates collected by Billing Authorities. The rates collected are shared between central government, district and county councils in statutory proportions.
Non-Current Asset	Assets which can be expected to be of use or benefit to the council for more than one accounting period.
Operating Lease	A lease under which the ownership of the asset remains with the lessor (the person or organisation leasing the asset) and is equivalent to contract hiring.

Precepts	The levy made by a precepting authority (County Council, Police Authority, Parish Council) on the billing authority, requiring it to collect income from Council Taxpayers on their behalf.
Provision	A sum of money set aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not know with certainty.
Revenue Expenditure	Expenditure on the day to day running costs of the council such as wages and salaries, utility costs, repairs and maintenance.
Revenue Expenditure funded from capital under statute (REFCUS)	Expenditure which can by law be financed from capital resources (e.g. capital receipts) but which does not result in a non-current asset for the authority e.g. renovation grants.
Revenue Support Grant	A general grant paid by central Government to local authorities to provide the services that it is responsible for delivering.
Subsidiary	An entity is a subsidiary of the reporting council if the council is able to exercise control over the operating and financial policies of the entity, and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

CHELTENHAM
BOROUGH COUNCIL

Annual Governance Statement
2025/26

1. Scope of Responsibility

Cheltenham Borough Council ("the authority") 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 and risk management

The authority 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 authority 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 authority 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 authority 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 authority 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 that Statement for reporting purposes. The Executive Director Finance and Assets is the Statutory Section 151 Officer (S151 Officer) for Cheltenham Borough Council.

In February 2021 CIPFA published Bulletin 06, the Application of the Good Governance Framework 2020/21, which contains guidance concerning the impact of the continuing Covid-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21. This AGS has been prepared taking into account this latest guidance.

2. Purpose of Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled including activities through which it is held accountable by, engages with and leads its communities. It enables the authority 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 authority'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 the authority for the year ended 31 March 2025 and up to the date of approval of the Annual Statement of Accounts.

3. Governance Environment

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

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the authority's vision and its implications for the authority's governance arrangements;
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the authority'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 authority's financial management arrangements meet 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 referrals and for receiving and investigating complaints from the public;
- 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 authority's overall governance arrangements.

4. Principles Framework

The main areas of the authority's governance framework and the assurance on compliance are set out over the next pages under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016).

Governance Principle	Sub-Principle	Assurance on Compliance
Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	**Behaving with integrity**	• The political and executive leadership sets the tone for CBC and ensures that the required policies are put into place and monitored. • The Council's Constitution sets out how decisions are made and the procedures that are followed to ensure these are efficient, transparent and accountable to local people. • Statutory Officers' responsibilities are defined in the Constitution and are employed in accordance with statutory guidance. • The Employee Code of Conduct (updated September 2024) forms part of the Constitution and sets out the behaviours expected of employees. • The Members' Code of Conduct forms part of the Constitution sets out the standards of conduct expected by Members of the Council. • The Planning Code of Conduct and Probity in Licensing supplement the Members Code of Conduct and set out the standards of conduct expected from members dealing with planning and licensing matters. • The Protocol for Member/Officer Relations is designed to guide Members and Officers of the Council in their relations with one another to maintain the integrity of local government. • The standards committee (merged with the Audit, Compliance and Governance Committee as at May 2025) is in place to promote and maintain high standards of conduct and to assist Members and Co-opted Members to observe the Code of Conduct.
	Demonstrating strong commitment to ethical values	• In accordance with the Localism Act 2011 we have adopted a Code of Conduct for our Councillors that is in keeping with the general principles of public life and based upon the Local Government Association Model. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. • All members keep their register of interests up to date. The registers are available for public viewing either at the Council Offices or via the website. Members are reminded bi-monthly of the need to keep their register of interests up to date • Members are required to declare relevant interests at meetings, and these are recorded in the minutes. • The Employee Code of Conduct provides guidance to our employees on the ethical framework within which we seek to conduct its activities; and on the processes that the Council uses to ensure compliance with the highest ethical standards. In addition, our values support the Nolan principles. • A register of gifts and hospitality is maintained for both Officers and Members. The officer register is monitored by the Corporate Governance Group.
	Respecting the rule of law	• The roles and responsibilities of Members and all holders of an office are set out in the authority's Constitution, specifically the member role profiles. • Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached, they will be dealt with, either through the standards process via the Audit, Compliance and Governance Committee or, in relation to Officers, action taken under our capability and/or disciplinary procedures. • The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support. Communications on reporting whistleblowing concerns are issued to all staff at least annually. • Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures and statutory legislation. Where non-compliance is identified, this is reported to management and to Members via the Audit, Compliance and Governance Committee. The Corporate Governance Group and Leadership Team review the list of audit actions on a quarterly basis. • CBC work with a Gloucestershire wide Counter Fraud and Enforcement Unit to help prevent and detect fraud and corrupt practices, including abuse of position. The service reports to the Audit, Compliance and Governance Committee twice a year and to the Cabinet Housing Committee annually

		specifically on housing related fraud. We also have a dedicated anti-fraud and corruption policy.

Governance Principle	Sub-Principle	Assurance on Compliance
Principle B - Ensuring openness and comprehensive stakeholder engagement	**Openness**	• The annual accounts are published in a timely manner and in accordance with specified timescales so that the financial position and performance of the authority is open to public scrutiny. • Committee meetings, agendas and minutes are published in accordance with the Forward Plan and publication of agendas is done in accordance with the Local Government Act 1972. • Council, Cabinet and Committee reports clearly outline their purpose, so the public can understand what the decision is aiming to achieve. • Council, Cabinet and Committee reports address financial, legal, equalities, risk and sustainability implications to allow public scrutiny and aid Members in their decisions making. • All public meetings that take place in the council chamber are webcast live to the council's YouTube channel. All recordings are available to view for a period of 4 years from the date of the meeting. • Members and the public are able to ask questions at Council, Cabinet, Housing Cabinet Committee and the Overview and Scrutiny Committee. Processes are in place which facilitate public participation at Audit, Licensing and Planning Committee meetings. All meetings are held in public unless exempt business is under discussion. • CBCs petition scheme makes provision for the submission of petitions • Overview and Scrutiny committee promotes open and transparent decision-making, democratic accountability and holds the Cabinet to account for its decisions. In 2025 the committee will welcome two independent co-opted members. • Officer and individual Portfolio Holder decisions are published on our website • Transparency data is published on the website and includes supplier payments, senior management structure charts, annual pay policy statement, and our gender pay gap report for the previous financial year. 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.

	Engaging comprehensively with institutional stakeholders	• We engage with large numbers of stakeholders through forums such as Leadership Gloucestershire, Southwest Councils and the Local Government Association. • We have a comprehensive engagement system with statutory stakeholders such as the NHS, Gloucestershire County Council and the Gloucestershire Police. • We are members of the District Councils' Network (DCN) a cross-party member led network of councils. • We engage with further subject based stakeholders particularly around economic development such as the Cheltenham BID, The Cheltenham Economic Advisory Board, The Cheltenham Culture Board and our partners in the Golden Valley Project. We hold a statutory responsibility around the duties of the Community Safety Partnership, made up of both statutory agencies and co-operating bodies within the borough and the county (known as the 'responsible authorities') • As part of the budget setting process consultation takes place through the authority's website and by attendance at meetings of the parish councils and business community by the Deputy Chief Executive and Cabinet Member Finance / Leader of the Council. • Engagement with staff happens in a number of ways; whole authority staff sessions, directorate team meetings, monthly managers meetings and one-to-one meetings • We have an active C5 group that regularly brings together the five parish councils of Cheltenham to discuss shared issues, opportunities and challenges.
	Engaging with individual citizens and service users effectively	• Local focus and community group engagement are undertaken by our communities and partnership team and community investment officers with wider engagement taking place across our service areas. • Our Solace Partnership comprising of Cheltenham Borough Council, Gloucester City Council and Gloucestershire Constabulary come together with communities to prevent, investigate and tackle anti-social behaviour (ASB) in Cheltenham and Gloucester. • The Communications team and our Marketing Cheltenham Team ensure that specific matters are placed in the media and engage with the media over enquiries on specific matters. • Engagement and consultation with the public is undertaken through public meetings, surveys and other mechanisms as required throughout the year or around specific topics. • Surveys of our tenants are carried out monthly by Accuity and reported to the Cabinet Housing Committee. The results also inform our Tenant Satisfaction Measures submission. • Our Tenant and Leaseholder panels provide forums for actively sharing and housing related information and for receiving input into the delivery of our services. • A Statement on Community Involvement is approved which sets out the opportunities by which the public and organisations can engage with the planning system, including the procedures and methods used to consult on planning applications. • Our resident survey provides an opportunity for residents to feed back on the services we provide. • Planning has a particular focus on engagement with statutory consultation forming part of each planning proposal. • We have a customer feedback policy and process which enables residents to provide feedback, to raise complaints or provide us with

		a compliment. • We have a detailed housing complaints process for anyone wishing to raise a complaint in relation to housing services.
Governance Principle	Sub-Principle	Assurance on Compliance
Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	**Defining outcomes**	• Our Corporate Plan sets out CBC's purpose, principles and priorities for the future, developed to make the biggest difference to Cheltenham's communities, businesses and residents, in line with Cheltenham's place vision. • The Borough has a statutory development plan in place made up of the Gloucester, Cheltenham and Tewkesbury Joint Strategic Plan (adopted 2017) and The Cheltenham Plan (adopted 2020), together these plans make provision for the long term growth of our area delivering sustainable, social and environmental benefits across the Borough up to 2031. • The Local Development Scheme, which sets out the key milestones for the preparation of its statutory development plan, as required by the Planning and Compulsory Purchase Act 2004 (as amended) has been updated and was adopted by Cabinet in February 2025.
	Sustainable economic, social and environmental benefits	• Our pathway to Net Zero sets out our aims to achieving our target of CBC and Cheltenham becoming carbon neutral. • We actively monitor our progress against this pathway and publish our key achievements. We also report our scope 1, 2 and 3 emissions. • CBC have developed an award winning environmental impact assessment tool which ensures that the environmental impacts of all new projects and policies are properly assessed. The result of the assessment is captured within decision making reports to facilitate informed decision making. • We are committed to social value and how we can drive this through our own procurement, decision-making and project delivery. Our Golden Valley Social Value Strategy 2024 sets out how we will integrate social value into every stage of the development.

Governance Principle	Sub-Principle	Assurance on Compliance
Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes	**Determining interventions**	• A mixed economy approach to service delivery is in place to deliver the priority outcomes of Members. • To operate within a more constrained financial cost base CBC has over a number of years created a number of new organisations to deliver services once provided in house. • Each partner service is assigned a client officer who undertakes frequent and direct liaison with the service provider and monitors the contract performance and delivery. • A member of the Leadership Team holds accountability for these services and provides the strategic guidance and support to the client officers. • The Leadership Team and client officers keep relevant Cabinet members apprised of commissioned service performance as well as Cabinet Members being engaged directly in performance meetings with commissioned service providers. • In 2024 the council commissioned Local Partnerships to undertake a review of its commissioned services and the assurance process surrounding it. The keys findings were accepted by the council and have been adopted or are within the AGS action plan for the forthcoming year.

		• The council has demonstrated that where commissioned services or outsourced services are no longer best delivered externally it will intervene and bring services back in house, as evidenced by services returned from Publica and in July 2024 its Housing Services from Cheltenham Borough Homes • Regular Peer Reviews are undertaken for quality assurance with the most recent being in July 2023 with a follow up in March 2024. • CBC have an Overview and Scrutiny Committee whose role it is to deliver measurable outcomes which benefit the effectiveness of the Authority and the community.
	Planning interventions	• Performance, audit, risk, finance information and contract management are used to identify areas of concern and plan required interventions. • Corporate risks are considered by the Leadership Team on a monthly basis. • Operational risks are monitored and managed at Manager level. • Any strategic risks scoring 16 or more are escalated to the corporate risk register discussed by the Leadership Team and considered by members of the Cabinet and the Audit, Compliance and Governance Committee. Housing strategic risks are also considered by the Cabinet Housing Committee. • Our Leadership Team has strategic oversight of major issues affecting the Council with a well-developed forward plan. • Budget monitoring is designed to capture and incorporate internal & external factors and to enable the authority to respond appropriately.
	Optimising achievement of intended outcomes	• We continue to work on achieving the aims of our commercial strategy that sets out the authority's ambition to be an enterprising and commercially focused authority. • CBC's approach to drive down the Council's net costs and increase income via a commercial mind-set with the aim to hold down council tax as far as possible, now and in the longer term helps the Authority protect frontline services. • Following the refresh of the Corporate Plan for 2023-2027, the drive towards financial sustainability includes the review and re-alignment of our resources to ensure the key priorities are able to be delivered over this period. Reflecting our continued development as a council, and the transition of housing services back in house we are refreshing our corporate plan and have re-evaluated our structures. • CBC's Capital Strategy 2025 to 2026, Investment Strategy 2025 to 2026 and Treasury Management Strategy 2025 to 2026 were refreshed and approved by full council in February/March 2025. • The authority's budgets are prepared annually in accordance with objectives, strategies and the MTFS is finalised following consultation with Members, customers, stakeholders and officers. • Financial stewardship in respect of both capital and revenue proposals is reviewed and challenged by the Budget Scrutiny Working Group and considered regularly by the Leadership Team. • The MTFS is a live document and is updated as necessary, to respond to the changing environment and in such circumstances would be discussed by the Leadership Team to determine any necessary mitigating actions that would then be discussed with the Cabinet.

Governance Principle	Sub-Principle	Assurance on Compliance
Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	**Developing the entity's capacity**	• The Chief Executive is responsible for the organisation of the staff. • Leadership and Management is delivered through the Leadership Team consisting of the Chief Executive, Deputy Chief Executive and Directors to ensure proper oversight of the whole business. The Leadership Team meet every other week and a have leadership / manager briefing on a monthly basis. In addition, the statutory officers meeting fortnightly and the housing leadership team monthly. These meetings sit alongside departmental management team meetings. Monthly all staff webinars are in place and are utilised not only for knowledge sharing but as a development opportunity on a wide range of topics e.g. change management. • 1:1 conversations are held with our people about performance and development and our performance policy is invoked when required During 2024/25 we continued to work on our organisational review to ensure our resources are structured to deliver our corporate plan and reflect our changing organisation, noting specifically that our workforce almost doubled in size with the return of housing services from Cheltenham Borough Homes in July 2024.
	Developing the capability of the entity's leadership and other individuals	• We have a programme of training available for both Councillors and Officers at all levels. • All new employees take part in an induction programme and ongoing staff development needs are identified through our system of 1:1 meetings • There is mandatory compliance training for all staff and members on key items and policies via our Learning Management System and this includes training on Equality, Diversity and Inclusion. • Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. • We continue to run a range of leadership programmes for our people designed to give them behaviours and skills for the future. In addition, we support the employment of graduates and apprentices We offer mentoring and coaching both internally and where appropriate via external providers and are actively preparing for the implementation of the Housing Regulators Competency and Conduct Standard. • All new Members undertake a comprehensive Members induction programme that is delivered after each borough election • New Members are matched with a senior officer under a "buddy" system to provide practical support as they develop into their roles. • Training is provided for Members on an ongoing basis as appropriate and necessary. Members on certain committees (e.g. Planning and Licensing) are required to undertake initial and ongoing "top up" training in order to take their place on the committee. • In 2023 the Council established a member development to provide oversight to member induction and development. Subsequently a member development strategy was adopted in December 2024 and applied for member development charter status with southwest councils which we successfully gained in May 2025. • The authority is a member of the Local Government Association who provide individual mentoring and support to Members and officers as necessary or requested.

Governance Principle	Sub-Principle	Assurance on Compliance
Principle F - Managing risks and performance through robust internal control and strong public financial management	**Managing risk**	• Our Risk Management Policy are in place and subject to regular review. Our risk maturity assessment assed us at Level 3. Work continues to develop in this area with a view to working towards Level 4. • Officers are required to maintain the CBC Service / Operational Risk Registers. The Leadership Team and Informal Cabinet reviews the corporate risk register on a monthly basis, the Audit, Compliance and Governance Committee on a quarterly basis and cabinet twice yearly. In addition Housing strategic risks are considered by the Compliance Monitoring Group monthly, the Housing Leadership Team quarterly and the Cabinet Housing Committee twice yearly. • Any strategic level risks that score 16 or above are incorporated in the corporate risk register. • The Audit, Compliance and Governance Committee reviews and approves the Risk Management Policy on a regular basis. Risks are identified when undertaking Internal Audit reviews and reported when necessary. • A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the Deputy Chief Executive. The Audit Plan is approved at Audit, Compliance and Governance Committee prior to the financial year.
	Managing performance	• Organisational performance against the authority's corporate plan objectives is reviewed by the Leadership Team to ensure key programmes of work remain on track to achieve CBC goals and objectives. • Principal performance KPI's and targets are being developed throughout the organisation and reported to Leadership Team Quarterly and Cabinet yearly • Individual programmes and projects have their own targets and performance expectations and are reported via the programme/project boards as required. • Programmes and Projects are tracked through and reported to the Leadership Team. • In Housing Services compliance performance is monitored monthly by the Compliance Monitoring Group and Housing Leadership Team and quarterly by the Cabinet Housing Committee. The Committee also receives quarterly reports on complaints and performance and 6 monthly reports on Tenant Satisfaction Measures.
	Robust internal control	• CBC corporate governance group meets on a quarterly basis, chaired by the Chief Executive and its attendees are the other statutory officers, internal audit, counter fraud, risk management and Human Resources. • Assurance is gained through regular internal audits and reporting. • External Audit recommendations are reported to Audit, Compliance and Governance Committee following the completion of their annual audit process with follow-ups of recommendations also reported. Any recommendations are incorporated into the planning for the next years Audit. • Internal Audit is delivered through SWAP Internal Audit Services (SWAP) and processes ensure compliance with Public Sector Internal Auditing Standards. • Internal Audit agreed actions are followed up and reported to Audit, Compliance and Governance Committee with further follow up being reported where agreed actions have not been implemented in full. • Copies of all Internal Audit reports are provided to the Deputy Chief Executive and / or Monitoring Officer who ensures that other relevant Directors and Officers are made aware of any significant issues or recommendations.

		• Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit, Compliance and Governance Committee, on a quarterly basis. • Agreed Actions made in audit reports are followed up one month after the agreed target implementation date. High priority agreed actions are reported to Audit, Compliance and Governance Committee with quarterly updates on progress. • A Counter Fraud and Enforcement Unit 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 and Enforcement Unit will liaise with the Internal Audit Team to ensure the improvements are followed up and implemented by Management.
	Managing data	• Our Data Protection Policy provides a framework for all other Information security and Information Management Polices all of which are available to all data users on the Councils intranet. • These policies also provide the responsibilities and accountabilities for the roles of the Data Protection Officer, Senior Information Risk Officer (SIRO) and the Single Point of Contact (SPoC). • All officers and Councillors are required to undertake mandatory e-Learning training on information governance. • The importance of reporting breaches of Data Protection legislation is well publicised and individual officers are welcomed when they come forward to report incidents. • The authority is part of the Gloucestershire Information Sharing Partnership. This will enable data to be shared when necessary. • Audit reviews ensure data is held securely whether electronic or hard-copy.
	Strong public financial management	• The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. • We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. • We have in place a statutory Section 151 Officer with finance teams that support the budget holders. • The MTFS is reviewed and updated on a regular basis so that Members and the Leadership Team are aware of the financial standing of the authority in terms of delivering against cost reduction or revenue raising targets. • Performance against budget is reported to Cabinet and any significant variances explained. • Financial Procedure Rules and Contract Procedure Rules are in place. • The Statement of Accounts is produced and published annually in accordance with statutory legislation. • The Treasury Management Panel, Asset Management Working Group and Budget Support Working Group all provide valuable input into the development of the councils overall financial position. • Aligned with the accounts the production of this Annual Governance Statement that identifies how the authority has met its governance reporting obligations.

Governance Principle	Sub-Principle	Assurance on Compliance
Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability	**Implementing good practice in transparency**	• Agendas for all Council meetings are publicly available on website and meetings are accessible on YouTube and promoted via social media. • Performance monitoring reports considered by Overview and Scrutiny are published on the authority's website in accordance with publication standards and guidelines. • Data in respect of transparency is published on the authority's website. • We have a Whistleblowing Policy in place.
	Implementing good practices in reporting	• We have in place comprehensive procedures for the making of decisions, either by Full Council, Committee, Cabinet or individual decisions made by Directors and Cabinet Members. • All reports are taken through Democratic Services and require clearance by Legal, Finance, HR and Property/Assets and risk and environmental implications for every report are identified. • Reports for Council, Committees and Cabinet business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication.
	Assurance and effective accountability	• The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Cabinet, the Cabinet and each of the Portfolio Holders individually and the roles and responsibilities of other Council Members. • The Constitution sets out the functions of Council, Cabinet and the various committees. • We have an effective Overview and Scrutiny function whose responsibilities are also set out in the Constitution. • The principal roles and responsibilities of the Chief Executive and senior officers, including the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer, are also set out in the Constitution. • Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit agreed actions are followed-up and reported to Audit Committee, further follow-up is planned if agreed actions have not been implemented in full.

5. Review of Effectiveness

The authority 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 Groups and comments made by the external auditors, other review agencies and inspectorates.

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

- Directors and Heads of Service complete an Annual Assurance Statement at the end of each 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.
- Annual Assurance Statements are also completed by Client Officers in respect of external service providers, The Cheltenham Trust, One Legal, Publica, Ubico, SWAP and CFEU.
- Where the assurance review highlights elements that do not fully or partially meet the systems of internal control then the Directors and Client officers explain what action needs to be taken within an agreed timeframe.
- Leadership Team review the Corporate Risk Register on a monthly basis and service risk registers are managed by each manager.
- The SWAP Assistant Director (Head of Internal Audit) provides the Audit, Compliance and Governance Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the authority, which includes its governance arrangements.
- Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined through processes involving the Monitoring Officer/Independent Person(s) as set out in the Constitution.
- The Deputy Chief Executive ensures training and awareness sessions are carried out for the Audit, Compliance and Governance Committee periodically.
- The External Auditors present progress reports to the Audit, Compliance and Governance Committee. The Chief Executive and Deputy Chief Executive attend audit liaison meetings with the external auditors on a regular basis.
- 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, Compliance and Governance Committee.
- Performance with regard to achievement of corporate priorities, budgets and risk are reported and monitored as outlined in this statement.
- The Audit, Compliance and Governance Committee review the Annual Governance Statement.
- The Audit, Compliance and Governance Committee review the Annual Statement of Accounts and reports from both Internal Audit (SWAP) and External Audit, including quarterly progress reports.
- Council approves the annual budget, reviews and approves the Treasury Management Strategy.
- 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 agreed actions for improvement are detailed in an action plan agreed with the relevant Director/Service Manager.
- In 2024 Local Partnerships were commissioned to undertake a review of our approach to assurance around our commissioned services.
- The council has also completed a self assessment against the Local Governance improvement and assurance framework developed by the LGA.

6. Governance Issues During 2023/24

In preparing the 2023/24 statement and reviewing the effectiveness of the governance arrangements the governance issues listed below were identified. Updates as to the progress are included within the table:

No.	Key Area of Focus	Planned Actions	Update
1.	Transition of Cheltenham Borough Homes	Ensure workstreams remain on track for transition to take place on 1 July Establish appropriate governance arrangements to facilitate the transition, including relevant updates to the Constitution Conduct a TUPE compliant transfer Ensure compliance with new Housing Regulations, reporting regularly to relevant committee/Cabinet	COMPLETED The transition of Cheltenham Borough Homes was successfully completed on 1 July 2024. New governance arrangements are in place, and we have developed a consumer standards improvement programme which reports regularly to the Cabinet Housing Committee The governance arrangements will be reviewed once they have been in operation for 12 months. Initial feedback received via external assurance processes is that the structure provides a sound basis for appropriate levels of assurance.
2.	Strategic Procurement	Recruit a new strategic procurement manager with a view to undertaking a review of the Councils procurement activities to identify best practice, value for money and delivery of social value	COMPLETED A strategic procurement manager was recruited and took up their post with effect from 1 September 2024.

7. Governance Issues During 2024/25

In preparing the 2024/25 statement and reviewing the effectiveness of the governance arrangements the following areas have been identified as areas of focus for the next financial year:

No.	Key Area of Focus	Planned Actions
1.	Safeguarding	Implement a new safeguarding policy which incorporates the council's extended role in the delivery of housing services. Roll out safeguarding training to all staff and elected members.
2.	Partnership Register	In response to the Value for Money review completed by external auditors Bishop Flemming create a partnership register which includes: • A central record of Council's partnership activity, including partnership governance arrangements • An assessment of partnership risks and subsequent mitigations through the inclusion of a partnership risk register. • Best practice information for officers in respect of partnership management
3.	Commissioned Services Assurance	In response to the Local Partnerships Review consider ways of strengthening the assurance process for commissioned services, including by further development of the annual assurance process and the client management role.
4.	Housing Compliance	Continue to develop the approach to property compliance reporting including: • Completing of a data validation exercise • Creating a compliance strategy • Updating compliance policies • Implementing a standardised performance framework

8. Approval of Leader and Chief Executive

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

Signed on behalf of Cheltenham Borough Council:

Rowena Hay
Leader of the Council

Gareth Edmundson
Chief Executive