

Gloucester City Council

Statement of Accounts

2024-25

[Unaudited]

Contents

	Page
Introduction	3
Narrative Report	4
Statement of Responsibilities for the Statement of Accounts	13
Comprehensive Income and Expenditure Statement	14
Balance Sheet	15
Movement in Reserves Statement	16
Cash Flow Statement	17
Notes to the Accounts	18
The Collection Fund - Income and Expenditure Account and Notes	76
Group Accounts and Notes	79
Glossary of Financial Terms	87

Introduction to the 2024/25 Group Statement of Accounts

Welcome to the consolidated group accounts for Gloucester City Council and its operating subsidiaries for the period 1st April 2024 to 31st March 2025.

The Council continues to provide local services, protecting our most vulnerable people and supporting our communities and local businesses. Throughout the 2024 to 2025 financial year the Council has remained committed to continuous improvement in all areas and to driving forward best practice and value for money for the services it delivers. Maintaining this performance has been financially challenging.

Local government continues to go through a period of severe financial challenge as a result of increasing demand for services and rising costs due to inflation and interest rates. There is also a limit on Council Tax increases (which represent the most significant funding element for the Council) along with uncertainty over future levels of income from business rates and government grants.

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics and the national cost of living pressures.

Our updated Medium Term Financial Plan (Money Plan) provides the estimated financial position for the Council finances through to 2030-31. The plan was updated during 2025 following the closure of the 2023/24 Accounts reporting an overspend against budget of £722k this also led to an adjustment to General Fund reserves. A financial update report was presented to members in September 2025 which detailed that general fund reserves were seriously low and urgent action was required to achieve a balanced budget for 2026/27. The draft statement of Accounts for 2024/25 were produced in November 2025 and presented an overspend against budget of £4.3m. The scale of the accumulated negative balances position meant that the only way in which a Section 114 notice for the Council could be avoided was to apply for exceptional financial support (EFS). The MHCLG approved in principle (23.2.2026) a Capitalisation Directive of £15.5m over 3 years. These accounts have been adjusted to include £3.902m EFS funding to ensure the general fund reserves balance to zero. The Council have a recovery plan in place to achieve a sustainable medium term financial position.

Due to the cyber incident the council experienced in December 2021, we were unable to meet the planned deadline for publishing the 2022-23 statement of accounts. This inevitably has had a subsequent impact on the publication of the 2023-24 accounts, on 8th September 2025. This set of 2024-25 accounts were published on 31st March 2026.

The information contained within these accounts is presented as simply and clearly as possible. However the accounts of such a large and diverse organisation as Gloucester City Council are, by their nature, both technical and complex.

I have structured this narrative report to enable readers to understand the Council, its operating environment and to assist in the understanding of the Statement of Accounts. It will tell the story of the Council over the past year.

The sections contained within this narrative statement are:

- Key facts about Gloucester
- Key facts about Gloucester City Council
- A summary of financial performance
- Non-financial performance
- An explanation of the financial statements

Finally a thank you to you, the reader, for showing an interest in the Council's finances. If you would like to know more about the Council's finances please do not hesitate to contact us at the address below.

Alison Turner CPFA
Head of Finance and Resources – Section 151 Officer

Gloucester City Council, North Warehouse, The Docks, Gloucester GL1 2FB

DRAFT

Narrative Report

The Narrative Report provides information about Gloucester City Council and the key issues affecting the Council and its accounts, including a summary of its financial position at 31st March 2025.

An Introduction to Gloucester City

Gloucester City Council is a non-metropolitan district council with one parish council, Quedgeley Town Council, providing key public services to 138,598 local residents in the County of Gloucestershire. The City shares its borders with Stroud District Council, Forest of Dean District Council and Tewkesbury Borough Council. Gloucester has plenty on offer and is everything you would expect from a vibrant, multi-cultural British city.

Gloucester has one of the richest heritage offerings in the country, from its time as a Roman colony, to being one of the three most important medieval cities in England, then its development into an industrial centre. It is home to one of the finest medieval buildings in the country: the breath-taking Gloucester Cathedral which has formed the backdrop of many scenes in Doctor Who and Harry Potter films. The historic docks have seen a stunning regeneration, now delivering a retail outlet centre, great leisure and catering offerings, and superb riverside accommodation.

The city is also home to Gloucester Rugby Club, one of the leading rugby union clubs in the country, whose Kingsholm stadium is renowned for hosting world class rugby alongside other events. The City has many cultural and leisure offerings including several museums, the Guildhall music and performance venue, GL1 Leisure Centre, Oxstalls Sports Park, Gloucester Park and Robinswood Hill. Across the year, the City hosts several high profile festivals celebrating the City's heritage and culture.

Today, Gloucester is undergoing something of a modern day renaissance, rediscovering and celebrating its rich history. This has seen significant investment in the continued regeneration of:

- The docks area with the opening of the Food Dock during the year;
- The Kings Quarter area of the city centre with the re-development of Kings Square the continued investment in The Forum development, and the University of Gloucestershire's investment in its new city centre campus facing onto Kings Square;
- The railway station in conjunction with GWR;
- The Greater Blackfriars area and other once-neglected areas of the City.

But the scale of our ambition has been set against a backdrop of global instability, a national cost of living crisis and a cyber-attack on our IT systems in December 2021. As a Council we continue to work to deliver practical support to our residents, businesses and communities now and into the future.

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

The commitment the Council has to the city and residents has been clear, but economic instability across the country and locally in Gloucester, created a huge amount of financial uncertainty.

The profile of the local population is an important factor in the services the Council provides. The Office for National Statistics [Mid-Year Estimates for 2024](#) reported that Gloucester's estimated population was 138,598.

Who are Gloucester City Council?

Gloucester City Council is a multifunctional and complex organisation. It provides a wide range of services to residents, through direct provision, joint working, strategic partnerships and through third parties. Its policies are directed by the political leadership and implemented by the Senior Management Team and Officers of the Council. The following section describes the political and management structures of the Council.

The Council are the decision making body at Gloucester City 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 they have been elected to serve a term of office. They have regular contact with the general public through council meetings, telephone calls and some Councillors hold surgeries. Surgeries provide an opportunity for any ward resident to go and talk to their Councillor face to face.

The Council has 39 elected members representing eighteen wards across the City. Elections are held every four years, with all of the seats being offered for re-election. The most recent election was held in May 2024, where the make-up of the elected Council changed to one of No-Overall Control with a minority leadership from the Liberal Democrat Party

The political make-up of Gloucester City Council at 31st March 2025 was:

Conservative Party	10 councillors
Liberal Democrat Party	17 councillors
Labour Party	7 councillors
Independent Group	5 councillors

The Council employs a work force of approximately 327 staff to manage and deliver services to residents under the direction of the Senior Management Team. This includes the key Statutory Officers to ensure they are represented at the senior level of the Council.

The Senior Management structure and Statutory Officers in place during 2024-25 is shown below:

Managing Director (Head of Paid Service)	Jon McGinty
Corporate Director	Ruth Saunders
Head of Finance & Resources (Section 151 Officer)	Greg Maw *
Monitoring Officer	Jane Cryer
Head of Place	Andrew Hearne
Head of Cultural & Leisure Services	Louisa Davies
Head of Transformation & Commissioning	Iain Stark

Since 31st March 2025 there has been a change to the senior management team shown above:

- Greg Maw retired as Section 151 Officer on 15th November 2024, interim cover for the Section 151 Officer role was provided by Hadrian Walters until Alison Turner was appointed as the Section 151 Officer on 8th April 2025.

Who has overall responsibility at Gloucester City Council?

Gloucester 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 2024-25, the Cabinet consisted of the Leader, a Deputy Leader and a Cabinet of three Members as follows:

Leader of the Council and Cabinet Member for Regeneration	Councillor Jeremy Hilton
Deputy Leader and Cabinet Member for Resources	Councillor Declan Wilson
Cabinet Member for Culture and Leisure	Councillor Caroline Courtney
Cabinet Member for Environment	Councillor Sebastian Field
Cabinet Member for Planning	Councillor Sarah Sawyer
Cabinet Member for Housing	Councillor Luke Shervey
Cabinet Member for Community Engagement	Councillor Rebecca Trimnell

Including the main Council Meetings, the major decisions of the Council are considered at several administrative and oversight committees that are open for the public to attend, and are live-streamed on the Council's YouTube channel, except for occasions where personal or confidential matters are being discussed. The Chairs of these committees are detailed below:

Licensing Committee	Councillor Tracy Millard
Overview and Scrutiny Committee	Councillor Andrew Gravells
General Purposes Committee	Councillor Jeremy Hilton
Planning Committee	Councillor Angela Conder
Audit and Governance Committee	Councillor Victoria Miller

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 Sheriff & Deputy Mayor. The Mayor and Deputy Mayor for 2024-25 were:

Mayor	Councillor Ashley Bowkett
Sheriff & Deputy Mayor	Councillor Linda Castle

Full details of all the council's committees, including chairs and membership can be found on the council's website at <https://www.gloucester.gov.uk/about-the-council/committees-and-meetings>.

The Council’s Corporate Plan for 2021 – 2024

In response to the on-going challenges facing local government and Gloucester City Council the Council Plan 2025-28 and the Money Plan 2023-28 have been developed to ensure the Council's strategic objectives and priorities are met.

The overarching vision is ‘Putting the heart back into Gloucester’, driven by the Administration’s key objectives to strengthen civic pride, build more affordable homes, deliver a zero-carbon council, improve the biodiversity of our parks, transform Council services, deliver regeneration and make the City an exciting and attractive place to live and visit. The Council Plan 2025-2028 contains three key priorities, as detailed below:

Our corporate priorities

<p>Key Priority 1 - A vibrant and attractive city that celebrates Gloucester’s unique heritage.</p>	<p>By completing our flagship development ‘The Forum’, and driving progress at other key sites, while valuing the city’s history by protecting our heritage assets. Delivering a stronger economy, working with stakeholders and partners to create and sustain employment opportunities for local people and attract new workers to the city. Establishing Gloucester as a vibrant and distinctive cultural centre, celebrate our rich history and promote an exciting programme of unique festivals, events and exhibitions featuring local artists and performers. Strengthening civic pride and make Gloucester an attractive city to live in and visit.</p>
<p>Key Priority 2 - Inclusive, thriving communities and residents that feel safe, supported and valued.</p>	<p>Ensuring that all our residents have somewhere to call home by providing more affordable housing, working closely with private and registered social landlords and providing improved support and accommodation to tackle homelessness. Prioritising the safety of our residents, working closely with our partners to use available mechanisms to tackle anti-social behaviour across the city and create a safer environment for everyone who lives in and visits Gloucester. Valuing our diverse communities and champion the City’s essential community groups and voluntary sector by working together to shape the support and services they need. Supporting and improving the health and wellbeing of all our residents, improving access by enhancing our leisure facilities, and supporting local sports clubs and inclusive community led initiatives.</p>
<p>Key Priority 3 - An innovative and accountable council focused on providing sustainable, high-quality, accessible services and facilities.</p>	<p>Transforming and strengthening Council services, prioritising innovation and the generation of commercial income to fund improved delivery and access for all our customers no matter how they choose to contact us. Working with Ubico to continuously look for new ways to improve our waste, recycling, grounds maintenance and street care services and ensure our city looks its best. Enhancing the city’s parks, open spaces and play areas. Establishing a zero-carbon Council by 2030 by implementing the Climate Change Strategy.</p>

Working with partners

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

- Ubico Limited – a company jointly owned by Gloucester and seven other Local Authorities responsible for delivering environmental services across Gloucestershire;
- The Gloucester Business Improvement District - delivers a range of projects that benefit businesses in the city centre;
- One Legal – the shared legal service between Cheltenham, Tewkesbury, Gloucester City and Stroud District Councils; and
- Gloucestershire Audit & Risk Assurance Services – a shared service between Gloucestershire County, Gloucester City and Stroud District Councils 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 2024-25 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 2024-25 and the council's assets and liabilities at the year end.

The accounts for the year ending 31st March 2025 have been prepared and published in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (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 Gloucester City Council and the Council's share of the net assets of Gloucestershire Airport Limited.
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 Gloucester City 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 has experienced unprecedented financial challenges over the last four years in providing the resources and support to manage the response to the Covid-19 pandemic then rising costs and challenges faced by the cost of living crisis. This is in addition to managing the recovery from the Cyber Attack in December 2021 which took down the Finance IT Systems among others and a significant amount of data was lost. The Council had to use manual systems to operate and provide services until the finance system was back working. This has led to significant delays in producing the annual accounts by the statutory deadlines and having up to date information for Medium Term Planning.

The 2024-25 budgeting process was influenced by the ongoing need to make savings and efficiencies while still delivering council services to the residents of the city. The net budget requirement of £17.68 million was approved by Cabinet and Council in February 2024. The Money Plan included an increase in Council Tax of 2.99% which resulted in an income from Council Tax of £9.05 million. In producing the Money Plan for 2024-25 through to 2028-29 the aim was to align the budget with the objectives set out in the Council Plan 2021-24.

The financial year 2024-25 was dominated by national and international uncertainty causing higher than budgeted cost inflation and interest rates. The table below highlights that the actual outturn for 2024-25 was £4.284m an overspend of £4.296m compared to original budget. The main reasons for this variance are:

- Commercial Properties – Delays in the Forum project has impacted on income along with property voids increasing costs.
- Additional Costs of the continued rebuilding IT infrastructure and cloud migration.
- Higher arrears in Council Tax and Business Rates following COVID-19 and the cyber incident.
- Additional administrative costs for Revenues and Benefits to distribute a variety of new grants.
- The final housing subsidy position was an additional cost of £150k due to reclaimable benefits.
- Community strategy, projects and grants, lower than estimated recovery of shared service costs and less grant income.
- Lower-than-expected income from Bereavement Services and rising costs.
- Less of the interest costs faced by the Council were able to be capitalised into the Forum project.

The following table details the Council's final net revenue expenditure analysed by service area.

Revenue Outturn 2024-25	2024/25 Budget £'000	2024/25 Estimated Outturn £'000	2024/25 Actual £'000	2024/25 Variance (Estimated v Actual) £'000
Regeneration & Leader Resources	1,669 (1,068)	1,511 486	1,477 2,787	(34) 2,301
Housing	1,363	1,371	592	(779)
Community Engagement	1,496	1,407	1,591	184
Environment	6,512	6,810	6,846	36
Planning	525	609	631	22
Culture & Leisure	2,160	2,415	2,235	(180)
Corporate & Funding	(12,668)	(14,347)	(11,875)	2,471
Outturn	(12)	262	4,284	4,023

The Council's Officers and Members worked proactively during the year to review and implement measures to mitigate, where possible the budget pressures. The full recovery from the Cyber Attack in terms of all information loaded back into the financial system was not complete until May 2024 which made budget monitoring challenging during the year.

Medium Term Financial Position (Money Plan)

The Money Plan for 2026-2031 has been updated to include the financial issues discovered during 2025. In September 2025 following the completion of the 2023/24 Statement of Accounts a report was presented to members updating the financial position. This report detailed the overspend of £826k in 2023/24 and also highlighted that there was an overspend in 2022/23 of £725k which was not apparent until January 2025 when the accounts were published and signed off. The adjusted general fund balances as at 31 March 2024 was £393K which when factored into the Money Plan figures presented in February 2025 created a negative reserves position for 2026-27. The Council faced a very stark and challenging financial position. Immediate action was needed to mitigate the risk of not being able to set a balanced budget for 2026/27 leading to the possibility of issuing a Section 114 Notice.

In December 2025 a further financial update report was presented following completion of the draft outturn for 2024-25. The variance against the budget was a significant overspend of £4.3m, higher than the estimated outturn reported in July 2025 of £262k. This level of overspend took the general fund reserves into a negative position for 2024/25. This effectively meant the authority was in a Section 114 position and as such the Council contacted the MHCLG and CIPFA advisors were engaged to work with the finance team. The internal finance team had already carried out a full review of the budgets and financial controls which has led to the findings in both the September and December reports.

The Council's financial position is critical, given its negative balances in 2024/25 and 2025/26 without Exceptional Financial Support (EFS) in the form of a £15.5m capitalisation direction the 2026/27 budget could not be delivered. A Capitalisation Directive provides a one-off source of funding in each year that it is approved, if required borrowing can be taken out to fund revenue but this will have revenue implications.

Exceptional Financial Support/Capitalisation Directive

The Council applied for a Capitalisation Directive in December 2025 from the Ministry of Housing, Communities and Local Government and an in principle approval of the £15.5m was approved 23rd February 2026. A Capitalisation Directive allows revenue expenditure to be funded from borrowing. The request for EFS was £15.5m over 3 years:

Year	Amount £m
2024-25	3.890
2025-26	2.560
2026-27	9.050
Total	15.500

In accordance with proper accounting practices, 2024/25 outturn required £3.902m EFS and this has been charged to the Comprehensive Income and Expenditure Statement (CIES) and appropriated to the Capital Adjustment Account through the Movement in Reserves Statement (MIRS).

Capital Expenditure

In 2024-25 the council spent £42.9 million on capital projects, grants and loans, across its capital programme. Key expenditure on capital schemes include:-

	£ '000
Kings Quarter Regeneration Project (including The Forum)	27,365
GWR - Railway Improvements	2,975
Temporary Accommodation Properties	4,255
Waste & Recycling Fleet	389

The council plans to continue to fund capital from a range of sources including, government grants, 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 2024-25 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

The Council's pension liability decreased during 2024-25 by £29.847 million from a liability of £37.251 million to an asset of £7.404 million. 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.

Reserves and Balances

In assessing the adequacy of reserves and balances as part of the 2024-25 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 £1.4 million by the end of each year. At the year end, the General Fund balance stands at nil and therefore is significantly below the optimum level recommended by the Section 151 Officer.

Accepting that continuing pressures from inflation and interest rates could leave the Council exposed without clear decision-making in delivering a balanced budget, actions are being taken to increase the robustness of the reserves position.

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 and the impact of the fairer funding review from 1 April 2026. The money plan has been updated including the EFS support and the Council has a recovery plan in place to achieve a medium term sustainable financial position.

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 2024/25 Code of Practice in Local Authority Accounting. The policies are detailed in note 1 to the accounts (pages 18 to 34) and any changes in accounting policies are detailed in note 2 on page 34.

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements. Further details are set out in the Leases Accounting Standards (page 27), and in Note 23 – Leases – Council as Lessor.

Further Information

Further information about the accounts is available from the Head of Finance & Resources, North Warehouse, The Docks, Gloucester, GL1 2FB. Tel. (01452) 396422. This is part of the council's policy of providing full information about the council's affairs.

Alison Turner CPFA
Head of Finance & Resources (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 Head of Finance & Resources 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 15 to 98 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 2025.

Alison Turner CPFA
31st March 2026
Head of Finance & Resources (Section 151 Officer)

Signed
Alison Turner; Head of Finance & Resources (Section 151 Officer)

Comprehensive Income And Expenditure Statement

This statement consolidates all the gains and losses experienced by the Council during the year showing the economic cost in -year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation 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 Re serves Statement.

2023-24				2024-25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
(7,838)	5,393	(2,445)	Communities and Neighbourhoods	(4,936)	3,738	(1,198)
(4,045)	1,979	(2,066)	Culture	(4,961)	2,563	(2,398)
(14,821)	7,720	(7,101)	Environment	(15,764)	7,822	(7,941)
(2,062)	531	(1,531)	Housing and Planning	(1,603)	963	(640)
(40,367)	41,700	1,333	Performance and Resources	(43,033)	34,707	(8,325)
(9,872)	10,489	617	Regeneration and Economy	(11,781)	11,431	(350)
(79,005)	67,812	(11,193)	Cost of Services	(82,077)	61,225	(20,852)
(286)	-	(286)	Other Operating Expenditure (<i>Note 7</i>)	(285)	-	(285)
(4,797)	2,530	(2,267)	Financing and Investment (Income) and Expenditure (<i>Note 8</i>)	(4,079)	1,591	(2,487)
(18,499)	54,599	36,100	Taxation and non-specific grant (Income) and Expenditure (<i>Note 9</i>)	19,930	5,539	25,469
(102,586)	124,941	22,354	Surplus or (Deficit) on the provision of services	(66,510)	68,355	1,845
			<i>Items that will not be reclassified to the Surplus or (Deficit) on the provision of services</i>			
		8,680	Surplus or (Deficit) on revaluation of non-current assets			-
		-	Surplus or (Deficit) on revaluation of available-for-sale financial assets			-
		(46,132)	Remeasurement of the net defined benefit (liability)/asset (<i>Note 32</i>)			693
		-	Surplus or (deficit) on revaluation of equity instruments carried at Fair Value through Other Comprehensive Income			-
		(37,452)	Other Comprehensive Income and (Expenditure)			693
		(15,098)	Total Comprehensive Income and (Expenditure)			2,538

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 2024		Note	31 March 2025
£'000			£'000
216,096	Property, Plant & Equipment	18	252,794
7,035	Heritage Assets	19	7,042
53,761	Investment Property	22	53,761
447	Intangible Assets		154
10,677	Long term Investments	24	10,677
804	Long term Debtors	24	748
288,820	Long Term Assets		325,176
-	Short term Investments		-
4,500	Assets held for Sale	20	4,500
24	Inventories		164
36,700	Short term Debtors	25	44,006
5,022	Cash and Cash Equivalents	26	7,533
46,246	Current Assets		56,203
-	Bank Overdraft	26	-
(73,851)	Short term Borrowing	24	(122,169)
(3,209)	Short term Creditors	27	(4,418)
(1,264)	Provisions (<1yr)	28	(869)
(78,324)	Current Liabilities		(127,456)
(103)	Provisions (>1yr)	28	(106)
(159,073)	Long term Borrowing	24	(155,223)
(7,119)	Grant receipts in advance - capital		(6,825)
-	Grant receipts in advance - revenue		-
-	Deferred Income		(4,045)
(37,251)	Pension Liabilities	32	(31,990)
(203,546)	Long Term Liabilities		(198,189)
53,196	Net Assets		55,734
10,259	Usable Reserves	30	9,410
42,937	Unusable Reserves	31	46,324
53,196	Total Reserves		55,734

Alison Turner CPFA
31st March 2026
Head of Finance & Resources (Section 151 Officer)

Signed
Alison Turner; Head of Finance & Resources (Section 151 Officer)

Movement In Reserves Statement

This statement shows the changing value of 'usable' reserves (those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves (those which reflect accounting adjustments and are not applied to fund expenditure or reduce local taxation).

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. The net increase or decrease line shows the statutory General Fund balance movements in the year following those adjustments.

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2023	393	3,533	3,926	-	280	4,206	64,088	68,294
<i>Movement in Reserves during 2023-24</i>								
Total Comprehensive Income and Expenditure	22,354	-	22,354	-	-	22,354	(37,452)	(15,098)
Adjustments between accounting basis and funding basis under regulation (<i>Note 5</i>)	(23,501)	-	(23,501)	4,005	3,195	(16,301)	16,301	-
Transfers to/(from) Earmarked Reserves (<i>Note 30</i>)	1,148	(1,148)	-	-	-	-	-	-
<i>Increase/(Decrease) in 2023-24</i>	1	(1,148)	(1,147)	4,005	3,195	6,053	(21,151)	(15,098)
Balance at 31 March 2024	394	2,385	2,779	4,005	3,475	10,259	42,937	53,196
<i>Movement in Reserves during 2024-25</i>								
Total Comprehensive Income and Expenditure	1,845	-	1,845	-	-	1,845	693	2,538
Transfer of Capital Funding to finance capitalisation (<i>Note 5</i>)	3,902	-	3,902	-	-	3,902	-	3,902
Adjustments between accounting basis and funding basis under regulation (<i>Note 5</i>)	(6,695)	-	(6,695)	-	99	(6,596)	2,694	(3,902)
Transfers to/(from) Earmarked Reserves (<i>Note 30</i>)	554	(554)	-	-	-	-	-	-
<i>Increase/(Decrease) in 2024-25</i>	(394)	(554)	(948)	-	99	(849)	3,387	2,538
Balance at 31 March 2025	(0)	1,831	1,831	4,005	3,574	9,410	46,324	55,734

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.

2023-24 £'000		2024-25 £'000
22,354	Net surplus or (deficit) on the provision of services	1,845
(33,953)	Adjust net surplus or deficit on the provision of services for non-cash movements (<i>note 33</i>)	(7,412)
-	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities (<i>note 33</i>)	-
(11,599)	Cash inflows/ (outflows) generated from operating activities	(5,567)
(35,852)	Investing activities (<i>note 34</i>)	(36,390)
47,715	Financing activities (<i>note 35</i>)	44,468
264	Net increase / (decrease) in cash and cash equivalents	2,511
4,758	Cash and cash equivalents at the beginning of the year	5,022
5,022	Cash and cash equivalents at the end of the year (<i>note 26</i>)	7,533
264	Net increase / (decrease) in cash and cash equivalents	2,511

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 Accounts and Audit (England) Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 ('the Code'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS), 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, commercial rents, 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.

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 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 Scheme 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
 - unlisted 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.

Community infrastructure levy

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 costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

1.6 Council Tax And Non-Domestic Rates Recognition

The collection of Council Tax and Non-Domestic Rates (NDR) is, as identified in the Code of Practice for Local Authority Accounting, in substance, an agency arrangement for both billing authorities and major preceptors. The Council is the billing authority in this arrangement, while the Police, the County, and the Government are the preceptors. 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.

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line

in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.7 Value Added Tax (VAT)

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

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.

The following de-minimis limits are applied by the Council in recognising assets:

- Cost of an individual asset in excess of £6,000 (excluding VAT).
- A group of assets having a total cost in excess of £6,000 with an individual cost of more than £250 where the assets are functionally interdependent, have broadly simultaneous purchase dates and are under single managerial control.

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 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:

- (a) Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost
- (b) Council offices - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).
- (c) Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- (d) 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 (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property.
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset.
- Infrastructure – straight-line allocation over the useful life of the asset.

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

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of the heritage. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, civic regalia, museum and gallery collections and works of art.

The Council's heritage assets are included in the Balance Sheet at their insurance valuation which is based on market values. These insurance valuations are updated on an annual basis. Heritage assets are considered by the Council to have indeterminate lives and it does not consider it appropriate to charge depreciation.

Community assets (including parks but excluding archaeological sites), cemeteries and crematoria (land only) and allotments, where there are restrictions on alternative uses, are not heritage assets and are reflected as community assets and included in property, plant and equipment.

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.

In the unlikely event of the disposal of heritage assets, the proceeds are accounted for on a similar basis to disposals of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the accounts and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

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 initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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).

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 disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) 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 in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. 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 is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. 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.

Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the 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.

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 Council as lessee

Finance leases

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024.

The Council does not hold any material finance leases as a Lessee and so no adjustment has been made to the 2024-25 Statement of Accounts.

Property, plant and equipment held under finance leases is recognised on the Balance Sheet as a right-of-use asset 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 right-of-use-asset– applied to write down the lease liability, and
- a finance charge (debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).
- Contingent rents not reflected in the calculation of the lease liability – debited to the relevant service line in the CIES

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

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

Finance leases

Where the Council grants a finance lease over a property or item of property, plant and 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 is written-off to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal) matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve 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 Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset 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

Under IFRS 9 the authority's financial assets are classified into three types based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

The Council holds financial assets measured at:

- Amortised Cost – where payments consist solely of principal and interest and the reason for holding is to collect cash flows;
- Fair Value through Profit or Loss (FVPL) - where payments do not consist solely of principal and interest;
- Fair Value through Other Comprehensive Income (FVOCI) – where payments do not consist solely of principal and interest but where the authority has designated the instrument as Fair value through OCI.

The Council'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 (i.e. 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.

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 Council 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

These are initially measured at cost (equivalent to fair value) and carried at fair value. For instruments quoted in an active market, fair values are based on their market prices at the reporting date, except where the instruments will mature within twelve months of that date, in which case they are assumed not materially different to (and therefore equal to) their carrying values. Interest

receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Dividends from equity instruments designated by the authority as Fair value through OCI are credited to the same line when they become receivable by the council. Changes in fair value are balanced by an entry to the Financial Instruments Revaluation Reserve (FIRR) (formerly the Available-for-Sale Reserve), with the gain or loss being recognised in Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Any gains or losses held in the FIRR on de-recognition of the asset are credited or charged to the General Fund Balance via the Movement in Reserves Statement.

Fair value through P&L

These are initially measured at cost and carried at fair value. For instruments quoted in an active market, fair values are based on their market prices at the reporting date, except where the instruments will mature within twelve months of that date, in which case they are assumed not materially different to (and therefore equal to) their carrying values. Dividends are credited to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) when they become receivable by the Council. Changes in fair value and any gains or losses on de-recognition are charged or credited to the same line in the CIES.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred - these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and

Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.18 Fair Value Measurement

The Council 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 and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

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 a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. 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 in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the

obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be 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 Council's control. 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 is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where 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, in which the council has a 50% shareholding.

Gloucestershire Airport Limited has been treated as a Joint Venture since it is jointly owned and controlled with Cheltenham Borough Council. Gloucestershire Airport Limited 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.

At 31 March 2024 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.

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:

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.

There are no accounting standards that have yet to be adopted that are expected to have a material impact on the statement of accounts.

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The impact of this is detailed in Note 23.

3. Critical Judgements Used In Applying Accounting Policies

In applying the accounting policies set out on pages 18 to 34, 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 Gloucester 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 Asset

The Council's pension liability decreased during 2024-25 by £29.847 million from a liability of £37.251 million to an asset of £7.404 million

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 de-recognised and offset against the pension reserve. This is because there are not judged to be future economic benefits from the asset which would flow to the Council.

Group Accounts

In assessing the need for group accounts the council has had to make judgements to establish the boundaries of the group (deciding which organisations over which it has or does not have a controlling or significant interest), and judgements as to the classification of group entities (as subsidiaries, associates or joint ventures). Further details are given in the Group Accounts section on page 92.

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 2025 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	<p>In the period post pandemic recovery, the pressures of rising inflation and interest rates have had a significant impact on the valuation of non-current assets and the property market as a whole.</p> <p>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.</p>	<p>There is more information available than in the previous year to understand the impact of the continuing uncertainties on the carrying value of these assets. The carrying value of assets in the accounts is based upon the economic assumptions applicable at the 31st March 2025. A change in market rent estimates would result in a change to the carrying values as the rental yield figures change.</p> <p>However, although any reduction 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.</p>
Property, Plant and Equipment	<p>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</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings (including council dwellings), vehicles, plant and equipment, Infrastructure and</p>

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>surplus assets would increase by £0.117 million for every year that useful lives had to be reduced.</p>
Pensions Asset	<p>Estimation of the net liability or asset 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.</p>	<p>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% (£2.213 million). A sensitivity analysis is included in Note 32.</p> <p>The impact of the continuing economic uncertainties on the value of the pension liability is somewhat offset by its current status as an asset, minimising the financial risk to the Council.</p>
Non-domestic rates appeals provision	<p>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.</p>	<p>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 £12k of which the council's share would be £4.8k (based on 2024-25 shares).</p>
Arrears	<p>At 31st March 2024, the Council had a balance of sundry debtors of £3.001 million. A review of the aged debt profile and recovery percentages suggested that an allowance for doubtful debts of approximately 32.92% is appropriate.</p>	<p>If collection rates were to deteriorate, the provision made for doubtful debts would need to increase based on the actual levels of recovery achieved. It is estimated that a 1% increase in the required provision would result in an increase in the allowance of £30k.</p>

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.

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.

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.

2023/24 Usable Reserves				2024/25 Usable Reserves		
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000		General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
			Adjustments to the Revenue Resources <i>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:</i>			
			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)			
5,264	-		Charges for depreciation, amortisation, and impairment of non-current assets	6,581	-	-
-	-		Revaluation losses on Property, Plant and Equipment and assets held for sale	-	-	-
(75)	-		Movement in the fair value of investment property	-	-	-
(18,456)	-	3,195	Capital Grants and Contributions	(9,288)	-	99
1,859	-		Revenue expenditure funded from capital under statute	1,980	-	-
	-		Revenue expenditure funded from capital under statute - Exceptional Financial Support	3,902	-	-
	-		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal		-	-
(11,546)	-		Pension Costs (transferred to or from Pensions Reserve)	(4,568)	-	-
	-		Financial instruments transferred from the Financial Instruments Adjustment Account		-	-
	-		Fair value gains and losses of Pooled Investment Funds		-	-
958	-		Council tax and NNDR net deficit transferred to the Collection Fund Adjustment Account	173	-	-
12	-		Holiday Pay transferred to the Accumulated Absences Account	21	-	-
	-		Revenue financing of capital expenditure		-	-
	-		Capital Grants Repaid		-	-
(21,984)	-	3,195	Total Adjustments to Revenue Resources	(1,199)	-	99
			Adjustments between Revenue and Capital Resources			
	4,005		Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	-	-	-
			Administrative costs of non-current asset disposals funded by capital receipts		-	-
(1,517)			Statutory and voluntary provision for the repayment of debt transferred to the Capital Adjustment Account	(1,593)	-	-
			Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account		-	-
			Repayment of prior year CFR		-	-
			Amortisation of premiums and discounts		-	-
(1,517)	4,005	-	Total Adjustments between Revenue and Capital Resources	(1,593)	-	-
			Adjustments to Capital Resources			
			Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-
			Application of capital grants and contributions to fund capital expenditure		-	-
			Transfer from Deferred Capital Receipts Reserve upon receipt of cash		-	-
			Capital Loans repaid		-	-
-	-	-	Total adjustments to Capital Resources	-	-	-
(23,501)	4,005	3,195	Total adjustments between Accounting and Funding basis under the regulation	(2,792)	-	99

6. Events After The Reporting Period

This Statement of Accounts was authorised for issue by the Section 151 Officer on 31st March 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 31st March 2025, 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

	2024-25 £'000	2023-24 £'000
Parish Precepts	(285)	(271)
Revaluation losses arising on revaluation of assets	-	(15)
Total Other Operating Expenditure	(285)	(286)

8. Financing And Investment Income And (Expenditure)

	2024-25 £'000	2023-24 £'000
Interest payable and similar charges	(4,390)	(3,024)
Net interest on the net defined benefit (liability)/asset	1,186	150
Interest and investment income	717	517
Income and (expenditure) on investment properties and changes in their fair value	0	90
Net Financing and Investment Expenditure	(2,487)	(2,267)

9. Taxation And Non Specific Grant Income And (Expenditure)

	2024-25 £'000	2023-24 £'000
Council Tax	9,372	9,078
Non-Domestic Rates income and (expenditure):		
- Billing authority share	22,828	22,854
- Collection Fund deficit	(217)	(556)
- Tariff payable to central government	(18,133)	(17,352)
- Levy payable to central government less Pool surplus	(1,228)	(1,147)
Net Non-Domestic Rates income and (expenditure)	3,250	3,799
General government grants	4,389	4,767
Capital grants and contributions	8,458	18,456
Net Taxation and Non Specific Grant Income	25,469	36,100

10. Members' Allowances

In 2024-25 the council paid £418,599 (2023-24 £383,418) in allowances to its 55 members. The expenditure reflects members' allowances approved by council for 2024-25. 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:

2024/25

Post Title	Salary	Expenses/ Allowances	Total Remuneration excl. pensions contributions	Pension Contributions	Total Remuneration incl. pension contributions
	£	£	£	£	£
Managing Director	131,153	-	131,153	25,052	156,205
Director of Communities	100,331	-	100,331	18,782	119,112
Director of Place	86,048	-	86,048	17,124	103,172
Total	317,532	-	317,532	60,957	378,489

2023/24

Post Title	Salary	Expenses/ Allowances	Total Remuneration excl. pensions contributions	Pension Contributions	Total Remuneration incl. pension contributions
	£	£	£	£	£
Managing Director	131,153	-	131,153	26,099	157,253
Director of Policy and Resources - Section 151 Officer	79,852	-	79,852	15,891	95,743
Director of Communities	94,639	-	94,639	19,697	114,336
Total	305,644	-	305,644	61,687	367,331

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 £150,000.

In 2024-25, the position of statutory role of Monitoring Officer for the Council was carried out by officers provided by our shared legal service, One Legal. These were Tom Clark & Jane Cryer. The Council paid a total sum of £73,837 for this service in 2024/25.

The Chief Executive also performs the role of Returning Officer and receives 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 2024-25	No of Employees 2023-24
£50,000 - £54,999	9	6
£55,000 - £59,999	3	5
£60,000 - £64,999	3	3
£65,000 - £69,999	-	-
£70,000 - £74,999	2	2
£75,000 - £79,999	3	3
£80,000 - £84,999	3	1
Total	23	20

12. Termination Benefits

There were no termination benefits paid in either 2024-25 or 2023-24.

13. Related Party Transactions

Transactions do not in themselves create a related party relationship: there has to 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 2024/25.

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 16 on page 45.

Council Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in note 11 on page 40. 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 2024/25.

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 79.

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 £37,951 (2023/24 £33,106). The temporary overdraft facility that was provided has increased during 2024/25 by £450,000 taking the overdraft as at 31 March 2025 to £2,200,000. Two further small capital loans totalling £165,000 were loaned to them in October 2020, with £16,734 paid in 2024/25 reducing the outstanding amount to £108,000. 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. Lastly, another loan was added in 2024/25 taking the combined total to £6.296 million.

Ubico Limited

Ubico Limited delivers environmental services for eight councils. Gloucester City Council holds an equal 1/8th shareholding in the company.

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

The Council procured supplies and services totalling £10.005 million from Ubico Limited in the year (£9.074 million in 2023-24), £1.475 million (£0.39 million in 2023-24) 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 £1.385 million in the year (£1.147 million in 2023-24), £2.460 million (£1.341 million in 2023-24) 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 2024 the amount owing to the Council under these leases totalled £4.628 million (£4.565 million at 31st March 2024). The leases are disclosed in Note 23 on page 55.

14. External Audit Costs

	2024/25 £'000	2023/24 £'000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor	(195)	(179)
Fees paid to the External Auditor for the certification of grant claims and returns	(50)	(42)
	(245)	(221)

15. Grant Income

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

	2024-25 £'000	2023-24 £'000
Credited to Other Income and Expenditure		
New Homes Bonus	811	217
Section 31 Business Rates compensation grants	4,389	3,874
Capital Grants and Contributions	9,288	18,456
Other grants and contributions	9,251	9,552
	23,739	32,099
Credited to Services		
Homelessness and other housing	2,398	2,617
Mandatory Rent Allowances	31,069	30,743
Rent Rebates	638	603
Community Grants	46	51
Other	1,864	1,391
	36,014	35,406

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:

	2024-25 Current £'000	2024-25 Long Term £'000	2023-24 Current £'000	2023-24 Long Term £'000
Receipts in Advance – Revenue				
Local Authority Housing Fund	180	-	932	-
UK Shared Prosperity Fund	-	-	58	-
Local Elections Fund	-	-	15	-
SHIP Grant	17	-	-	-
	197	-	1,005	-
Receipts in Advance – Capital				
S106 Grants	-	3,679	-	5,583
Government grants	-	3,147	-	1,537
Other grants and contributions	3,573	-	3,475	-
	3,573	6,826	3,475	7,120

DRAFT

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.

2023-24				2024-25		
Net Expenditure Chargeable to the General Fund Balance	Adjustment between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustment between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
(1,201)	1,244	(2,445)	Communities and Neighbourhoods	(1,035)	163	(1,198)
(1,876)	190	(2,066)	Culture	(2,244)	154	(2,398)
(6,191)	910	(7,101)	Environment	(6,767)	1,174	(7,941)
(779)	752	(1,531)	Housing and Planning	(631)	9	(640)
(5,307)	(6,640)	1,333	Performance and Resources	(6,983)	1,342	(8,325)
4,564	3,947	617	Regeneration and Economy	762	1,113	(351)
(10,790)	403	(11,193)	Net Cost of Services	(16,898)	3,955	(20,853)
9,643	(23,904)	33,547	Other Income and Expenditure	15,950	(6,748)	22,698
(1,147)	(23,501)	22,354	Surplus or (Deficit)	(948)	(2,793)	1,845
3,926			Opening General Fund balance including earmarked reserves at 1st April	2,779		
(1,147)			Add Surplus / (Deficit) in year	(948)		
2,779			Closing General Fund balance including earmarked reserves at 31 March	1,831		

Note to the Expenditure and Funding Analysis

2023/24					2024/25			
Adjustments for Capital Items	Pensions Adjustment	Other Adjustments	Total Adjustments		Adjustments for Capital Items	Pensions Adjustment	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(1,130)	(14)	(100)	(1,244)	Communities and Neighbourhoods	(137)	(26)	-	(163)
(4)	(69)	(117)	(190)	Culture	(17)	7	(144)	(154)
(881)	(24)	(5)	(910)	Environment	(1,090)	(24)	(60)	(1,174)
(733)	(19)	-	(752)	Housing and Planning	-	(9)	-	(9)
(431)	7,997	(926)	6,640	Performance and Resources	(1,135)	(34)	(173)	(1,342)
(3,934)	(13)	-	(3,947)	Regeneration and Economy	(4,193)	(9)	3,089	(1,113)
(7,113)	7,858	(1,148)	(403)	Net Cost of Services	(6,572)	(95)	2,712	(3,955)
67	150	23,687	23,904	Other Income and Expenditure from the Funding Analysis	(1,988)	1,186	7,550	6,748
(7,046)	8,008	22,539	23,501	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(8,560)	1,091	10,262	2,793

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
- Financing and Investment Income and Expenditure – the statutory charges for capital financing 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 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.

17. Expenditure and Income Analysed by Nature

	2024-25	2023-24
	£'000	£'000
Expenditure		
Employee benefit expenses	(15,007)	(12,286)
Other service expenses	(61,378)	(59,923)
Depreciation, amortisation, impairment	(6,564)	(7,122)
Interest payments	(5,710)	(4,620)
Precept and Levies	(285)	(271)
Total Expenditure	(88,944)	(84,222)
Income		
Fees charges and services income	58,489	56,776
Interest and investment income	2,506	1,746
Gains on revaluation of PPE, investment property, and financial assets	-	75
Income from council tax and NNDR	12,627	16,752
Grants and Contributions	17,169	23,149
Total Income	90,791	98,498
(Surplus) or Deficit on the Provision of Services	1,847	14,276

18. Property, Plant & Equipment

	2024-25							Total Property, Plant and Equipment £'000
	Other Land and Buildings	Vehicles, Plant, and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Right-of-Use Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<i>Cost or Valuation</i>								
At 1 April 2024	98,366	19,530	16,404	5,485	95,732	576	-	236,093
Transitional Adjustment IFRS16 - 1 April 2024	(10,093)	-	-	-	-	-	10,093	-
Assets W/Off	-	-	-	-	-	-	-	-
Revised Total At 1 April	88,273	19,530	16,404	5,485	95,732	576	10,093	236,093
Additions	6,704	2,817	3,238	2,036	27,955	20	199	42,969
Revaluation increases recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Assets Impairment recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
At 31 March 2025	94,977	22,347	19,642	7,521	123,687	596	10,292	279,062
<i>Accumulated Depreciation and Impairment</i>								
At 1 April 2024	1,732	10,110	7,769	383	-	2	-	19,996
Depreciation Charge	5,876	2,032	536	90	-	6	270	8,810
Depreciation written out to the Revaluation Reserve	(2,257)	-	-	-	-	-	(11)	(2,268)
At 31 March 2025	5,351	12,142	8,305	473	-	8	259	26,538
Net book value as at 31 March 2025	89,626	10,205	11,337	7,048	123,687	588	10,033	252,524

	2023-24							Total Property, Plant and Equipment £'000
	Other Land and Buildings	Vehicles, Plant, and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Right-of-Use Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<i>Cost or Valuation</i>								
At 1 April 2023	92,818	17,470	15,382	4,978	49,365	586	-	180,599
Additions	3,012	2,060	1,022	507	46,367	-	-	52,968
Revaluation increases recognised in the Revaluation Reserve	2,536	-	-	-	-	-	-	2,536
Assets Impairment recognised in the Revaluation Reserve	-	-	-	-	-	(10)	(10)	-
At 31 March 2024	98,366	19,530	16,404	5,485	95,732	576	-	236,093
<i>Accumulated Depreciation and Impairment</i>								
At 1 April 2022	992	8,945	7,271	342	-	1	-	17,551
Depreciation Charge	2,813	1,165	498	41	-	1	-	4,518
Depreciation written out to the Revaluation Reserve	(2,073)	-	-	-	-	-	-	(2,073)
At 31 March 2024	1,732	10,110	7,769	383	-	2	-	19,996
Net book value as at 31 March 2024	96,634	9,420	8,635	5,102	95,732	574	-	216,097

Revaluations

The Council has undertaken asset valuations of all significant Property, Plant and Equipment required to be measured at current value during the year with the exception of Heritage assets. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations were completed by Internal Specialists and External Consultants with a valuation date of 31st March 2025. The External consultants who provided the valuations in 2024-25 were Link Group and Bruton Knowles.

The significant assumptions applied in estimating the current values are:

- The property would be freely exposed to the open market;
- No account has been taken of any higher price or rental offer that might be made by a purchaser or lessee with a special interest;
- The valuation relates to the freehold or leasehold interest and good freehold or leasehold title can be shown.

19. Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of the heritage.

Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, civic regalia, museum and gallery collections and works of art.

The heritage assets of the Council are located in two museums, The Museum of Gloucester and The Folk, as well as the Council's offices for items of civic regalia and other similar items. Both museums maintain all their present collections and where necessary, adds to them by purchase, bequest, or donation with a particular emphasis on items that are of specific interest to the locality of Gloucester City and its surrounding areas.

It is not the policy of the museums or the Council to dispose of heritage assets for financial or other reasons. Heritage assets of the museums are managed by the curators who report to the respective museum managers.

The Heritage assets have been classified by the Council's heritage service who have reached the conclusion that the value of the assets is as determined for insurance valuation purposes. A detailed breakdown of the carrying values of the council's heritage assets are shown below:

	Furniture £'000	Art £'000	Horological Instruments £'000	Numismatics (including Tokens, Coins, Seals & Dyes) £'000	Books £'000	Civic Regalia & Silver £'000	Miscellaneous £'000	Total £'000
Valuation								
01 April 2023	273	1,848	309	1,913	143	1,536	1,009	7,030
Revaluations	-	-	-	-	-	-	5	5
31 March 2024	273	1,848	309	1,913	143	1,536	1,014	7,035
Revaluations	-	-	-	-	-	-	7	7
31 March 2025	273	1,848	309	1,913	143	1,536	1,021	7,042

All the major heritage assets were last professionally revalued at 1st April 2010. However, the insurance valuations are reviewed annually for inflationary increases. Unlike a building, art and other heritage assets do not attract standard inflationary increases.

20. Current Assets Held For Sale

	2024-25 £'000	2023-24 £'000
Assets held for sale at 1 April	4,500	4,500
Property, plant and equipment newly classified as held for sale	-	-
Revaluation gains	-	-
Assets sold	-	-
Assets held for sale at 31 March	4,500	4,500

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.

	2024-25 £'000	2023-24 £'000
Capital Investment		
Land and Buildings	4,923	3,402
Vehicle, Plant & Equipment	2,817	2,060
Infrastructure	3,238	1,021
Community Assets	2,036	508
Assets Under Construction	27,956	46,367
Investment Properties	7	6
Intangible Assets	20	132
Revenue Expenditure Funded from Capital under Statute	1,980	1,726
Revenue Expenditure Funded from Capital under Statute - Exceptional Financial Support	3,902	-
Total Capital Expenditure	46,879	55,222
Sources of Finance		
Capital Receipts	-	-
Government Grants	(7,368)	(17,312)
S106	(1,920)	(404)
Capital Contributions	-	(132)
Minimum Revenue Provision (MRP)	(1,593)	(1,517)
Voluntary Revenue Provision (VRP)	-	-
Capital receipts applied to repay debt	-	-
Revenue	-	-
	(10,881)	(19,365)
Closing Capital Financing Requirement	35,998	35,857
Explanation of movement in year		
Increase in underlying need to borrowing (unsupported by Government financial assistance)	34,405	34,340
Minimum and Voluntary Revenue Provision (MRP/VRP)	1,593	1,517
Capital receipts applied to repay the principal of debt	-	-
Increase (Decrease) in Capital Financing Requirement	35,998	35,857

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:

	2024-25 £'000	2023-24 £'000
Rental income from Investment Property	(1,591)	492
Direct operating expenses	874	(319)

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:

	2024-25 £'000	2023-24 £'000
Balance at 1st April	53,761	53,671
Additions – construction	-	-
Net gains / (losses) for the period included in the surplus or deficit on the provision of services resulting from changes in fair value	-	90
Balance at 31st March	53,761	53,761

The fair value of the investment property is reviewed and re-measured annually at the balance sheet date. All properties were revalued in 2024-25 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.

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 has two finance leases. The rental for both leases was paid at inception with the exception of an annual rental of £1 per annum. Accordingly there are no minimum lease payments outstanding at 31st March 2025.

Operating Leases

The Council's policy is to purchase the vehicles and plant required by Ubico Limited to provide environmental services within Gloucester and then lease them to the company. The vehicles and plant used on these services at 1st April 2022 are leased by the Council to the company. The present value of the lease at 31st March 2024 was £4.816 million. Subsequent purchases of £0.589 million in 2024-25 have been subject to further leases.

The repayments due under the leases are based on recovering the cost to the Council of each vehicle or item of plant over its remaining estimated useful life. 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.

The Council also leases out property under operating leases for the following purposes:

- The provision of community services such as spot and recreation facilities, tourism services, and community centres; and
- For economic development purposes to provide suitable accommodation for local businesses.

Rentals received during the year and included in the net cost of services were £7.944 million (2023-24: £7.113 million). The future minimum lease payments receivable in future years under non-cancellable leases in future years are as follows:

	31st March 2024 £'000	31st March 2023 £'000
Not later than 1 year	6,240	6,675
Later than one year and not later than five years	19,886	21,492
More than 5 years	21,778	26,425
	47,904	54,592

The council as Lessee

Operating Leases

The Council has a number of operating leases in respect of buildings and car parks and items of property, plant and equipment.

Total lease payments were £0.165 million in rental income in 2024-25 from its granted leases (£0.167million in 2023-24).

The Council has the following commitments representing the minimum lease payments in respect of operating leases:

	31st March 2024 £'000	31st March 2023 £'000
Not later than 1 year	3	8
Later than one year and not later than five years	12	12
More than 5 years	150	153
	165	173

Finance Leases

The Council has one finance lease. This was entered into in 2017/18 and represented a change in the Council's interest in the Kings Walk shopping centre. Upon completion the Council recognised a lease liability relating to future rental payments of £29.762m. A finance lease asset was recognised with a value of £19.892m representing the lease liability of £29.762m after deduction of lease incentives received on completion of £9.870m.

The interest cost recorded as financing expenditure in year was £1.848m

The lease liability is recorded as long-term borrowing within the Balance Sheet with a value of £31.494m. The lease rentals are subject to an annual RPI increase in July annually capped at 4% and collared at 2%.

The table below shows future lease payments at both their expected cash flow and their present value as at the Balance Sheet date.

	31st March 2024		31st March 2023	
	Total Lease Payments £'000	Present Value £'000	Total Lease Payments £'000	Present Value £'000
Not later than 1 year	1,826	1,826	1,640	1,791
Later than one year and not later than five years	8,179	6,177	7,349	8,022
More than 5 years	88,645	23,612	79,644	86,940
	98,650	31,615	88,633	96,753

Change in Accounting Policies for Leases – Council as Lessee

In 2024/25, the Council applied IFRS16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases, instead a right-of-use asset and a lease liability are to be brought onto the Balance Sheet as at 1 April 2024.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

- Lease liabilities are measured at the present value of remaining lease payments as 1 April 2024, discounted by the authorities incremental borrowing rate at that date.
- Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance

The Council already recognises the King's Walk Shopping Centre arrangement as a finance lease held at net present value in the Balance Sheet. Therefore, no adjustment has been made to the lease liability in 2024-25.

It has been necessary to reclassify the asset of the King's Walk Shopping Centre from an asset held under 'Other Land and Buildings' to a 'Right-of-Use' Asset in the Balance sheet. This transfer is explained in Note 18 (page 49).

24. Financial Instruments

Categories of financial instrument

The following categories are carried on the Balance Sheet:

	Current		Long term	
	31st March 2025 £'000	31st March 2024 £'000	31st March 2025 £'000	31st March 2024 £'000
Investments				
Financial assets at fair value through profit and loss (note i)	-	-	10,677	10,677
Total Investments	-	-	10,677	10,677
Debtors				
Financial assets at amortised cost (Note 25.1)	20,671	20,515	748	804
Total included in debtors (note ii)	20,671	20,515	748	804
Cash and Cash equivalents				
Fair value through P&L (note iii)	7,533	5,022		
Total cash and cash equivalents	7,533	5,022		
TOTAL FINANCIAL ASSETS	28,204	25,537	11,425	11,481

Borrowings				
Financial liabilities at amortised cost				
- Public Works Loan Board (PWLB) loans and other loans	122,048	73,735	118,729	122,777
- Lease Liabilities	121	116	36,494	36,296
Total borrowings	122,169	73,851	155,223	159,073
Creditors				
Financial liabilities at amortised cost (Note 27.1)	6,261	5,564	-	-
Total included in creditors (note iv)	6,261	5,564		
TOTAL FINANCIAL LIABILITIES	128,430	79,415	155,223	159,073

Notes

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

(ii) Further details of current debtors are given in note 25, page 59. 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 2025 mainly comprise of long-term loans to other entities.

(iii) These comprise of bank current accounts and petty cash.

(vi) Further details of current creditors are given in note 27, page 60.

Statement of Accounts 2024-25 (Unaudited)

Income, Expense, Gains and Losses
Fair Value of financial assets and liabilities

	2024-25			2023-24		
	Financial Liabilities at amortised cost £'000	Financial Assets at amortised cost £'000	Total £'000	Financial Liabilities at amortised cost £'000	Financial Assets at amortised cost £'000	Total £'000
Interest expense	5,710	-	5,710	4,620	-	4,620
Fee expense	-	-	-	-	-	-
Changes in fair value	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Total expenses in Surplus or Deficit on the Provision of Services	5,710	-	5,710	4,620	-	4,620
Interest Income	-	(1,320)	(1,320)	-	(1,596)	(1,596)
Interest Income accrued on impaired financial assets	-	-	-	-	-	-
Changes in fair value	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	(1,320)	(1,320)	-	(1,596)	(1,596)
(Net gain)/loss for the year	5,710	(1,320)	4,390	4,620	(1,596)	3,024

The fair value 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 cashflows 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 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 12 months, fair value is assumed to approximate to amortised cost.
- The fair value of trade and other short term payables and receivables is taken to be the invoiced or billed amount.

	2024-25		2023-24	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Financial Assets				
Investments at amortised cost	10,677	10,677	10,677	10,677
Long term debtors at amortised cost	748	748	804	804
Total	11,425	11,425	11,481	11,481

The fair values of Long term debtors are estimated to be approximately equivalent to their amortised cost (cost less provision for bad or doubtful debts).

	2024-25		2023-24	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Financial Liabilities				
Borrowing – PWLB loans*	118,729	101,958	122,777	101,958
Borrowing – BAE Systems	5,000	4,402	5,000	4,402
Lease Liabilities (King's Walk)	31,494	31,296	31,296	31,296
Total borrowing	155,223	137,656	159,073	137,656

*includes long-term borrowing only

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.

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).

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 12th March 2025.

Credit Risk

This arises from deposits with banks, financial institutions and other local authorities and from credit exposure to the Council's customers. Deposits are not made with banks or building societies unless such institutions have independently assessed credit ratings at least equivalent to Fitch F1 short term and A- long term or, in the case of non-rated UK building societies, have total assets in excess of £500 million. Limits are placed on the amount and length of loans to individual institutions according to their respective credit rating or asset size.

The Council maintains strict credit criteria and it is considered that the risk of default remains low.

The Council's maximum exposure to credit risk in relation to its short-term investments and deposits with banks and other financial institutions of cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments and, along with short-term investments with other public sector bodies, are considered to have a low credit risk.

The Council does not generally allow credit for customers and £1.473 million, of the debtors balance is past its due date for payment as follows:

	2024-25	2023-24
	£'000	£'000
Less than four months	19	1
Four months - one year	11	15
More than One year	1,443	1,266
	1,473	1,282

The Council has set aside provisions for unrecoverable or doubtful debts based on experience of collectability, and it is estimated uncollectible amounts will be able to be met from these.

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 borrowings (excluding interest payable) is as follows:

	31 st March 2025 £'000	31 st March 2024 £'000
Less than 1 year	94,963	77,618
1-5 years	70,475	57,603
5-10 years	8,742	7,145
Uncertain date maturing in more than 10 years*	66,598	54,434
Total	240,777	196,800

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 2024-25, 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						
PWLB (Fixed)	121,150	0	2,633	0	3,840	1,207
Short-term (Fixed)	97,272	0	2,759	0	4,679	1,920
Lending						
Fixed rate (up to 1 year)	20,410	0	994	0	1,198	(204)
Variable rate						
Net loss / (gain) on surplus / deficit for year						2,923

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. Nominal gains and losses on borrowings and investments do not impact on the Comprehensive Income and Expenditure Statement or the Movement in Reserves Statement.

25. Short Term Debtors

	31st March 2025 £'000	31st March 2024 £'000
Central Government Bodies	10,091	9,429
Other Local Authorities	3,013	3,103
<i>Other entities and individuals:</i>		
- Council Taxpayers	1,280	1,283
- Business Ratepayers	(174)	549
- Sundry Debtors	19,310	12,762
- Other entities and individuals	10,487	9,574
Total	44,006	36,701

Each line is shown net of any allowance for impairments (provision for bad debts). The breakdown of the allowance for impairment for 2024/25 is broken down below:

	Gross £'000	Impairment £'000	Net £'000
Central Government Bodies	10,091	-	10,091
Other Local Authorities	3,013	-	3,013
<i>Other entities and individuals:</i>			
- Council Taxpayers	1,280	-	1,280
- Business Ratepayers	(174)	-	(174)
- Sundry Debtors	19,310	-	19,310
- Other entities and individuals	10,487	-	10,487
Total	44,006	-	44,006

25.1 Financial Instruments – Short Term Debtors

	31st March 2025 £'000	31st March 2024 £'000
Debtors per table in Note 24	36,700	36,701
Less – Payments in advance	(1,820)	(1,820)
Central Government debtors	(10,091)	(9,429)
Local Government debtors	(3,013)	(3,103)
Council Taxpayers	(1,280)	(1,283)
Business ratepayers	174	(549)
Total	20,671	20,516

26. Cash And Cash Equivalents

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

	31st March 2025 £'000	31st March 2024 £'000
Cash held by the Authority	4	4
Bank current accounts	7,529	5,018
Short term deposits and money market funds	-	-
Cash and cash equivalent assets	7,533	5,022
Cash and cash equivalent liabilities - bank overdraft	-	-
Net Cash and cash equivalents per Cash flow Statement	7,533	5,022

27. Short Term Creditors

	31st March 2025 £'000	31st March 2024 £'000
Central Government Bodies	(2,639)	(3,180)
Other Local Authorities	1,281	1,230
Other entities and individuals-	274	355
- Council Taxpayers	522	470
- Business Ratepayers	4,786	3,950
- Sundry Creditors	194	385
Total	4,418	3,209

27.1 Financial Instruments- Short Term Creditors

	31st March 2025 £'000	31st March 2024 £'000
Creditors per Note 26.1	4,418	3,209
<i>Less non-contractual items at 31 March:</i>		
Central Government creditors	2,639	3,180
Council taxpayers	(274)	(355)
Business Ratepayers	(522)	(470)
Total	6,261	5,564

28. Provisions

	Balance at 1st April	Additional provisions made in Year	Amounts used/reallocated in Year	Balance at 31st March
	£'000	£'000	£'000	£'000
Short term				
Accumulated Absences Provision	46	22	-	68
Business rates retention – RV reductions	880	-	416	464
Other Minor Provisions	337	-	-	337
	1,263	22	416	869
Long term				
Insurance Provision	103	3	-	106
Total	1,365	25	416	976

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. This includes policy excesses in respect of public liability claims, employee liability claims and claims in respect of property damage. This provision is expected to be utilised to cover future claim settlements.

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 assumed 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 prior years. Previously, such amounts would not have been recognised as income by the local authorities, but would have been transferred to Government.

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 2025 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.

Accumulated Absences Provision

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

29. Contingent Liabilities

The Council has no contingent liabilities at the Balance Sheet date.

30. Usable Reserves and Transfers To / From Reserves

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

	Balance at 31 March 2023 £'000	Transfers out 2023/24 £'000	Transfers in 2023/24 £'000	Balance at 31 March 2024 £'000	Transfers out 2024/25 £'000	Transfers in 2024/25 £'000	Balance at 31 March 2025 £'000
Reserves Held							
Capital Reserve	(0)	-	4,005	4,005	-	-	4,005
Equalisation Reserve	25	-	-	25	-	-	25
General Fund Balance	393	-	1	394	(394)	-	-
Other Earmarked Reserve	3,508	(1,931)	783	2,360	(1,608)	1,054	1,806
Capital Grants Unapplied	280	(412)	3,607	3,475	(1,980)	2,079	3,574
Total	4,206	(2,343)	8,397	10,259	(3,982)	3,133	9,410

Purpose of reserves

- (a) **Capital Reserve** – to help finance the general fund capital programme.
- (b) **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).
- (c) **Other earmarked reserves** – sums built up to cover future planned expenditure, for example support for the revenue budget, risk management, and Public Realm improvements.
- (d) **Capital Grants Unapplied** - Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are transferred from the General Fund Balance to the Capital Grants Unapplied reserve, if the funds have not been spent, or the Capital Adjustment Account, if the funds have been used to finance capital expenditure, in the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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 2025 £'000	31st March 2024 £'000	Purpose of Reserve
Revaluation Reserve	59,744	62,012	Store of Gains on on revaluation of non-current assets not yet realised through sales
Capital Adjustment Account	19,329	18,741	Store of capital resources set aside to meet past expenditure
Pensions Reserve	(31,990)	(37,251)	Balancing account to allow for differences in statutory requirements and proper accounting practices relating to borrowing and investment
Deferred Creditors	43	43	Creditor receipts to be received in future years
Collection Fund Adj Account	(822)	(649)	Balancing account to allow for differences in statutory requirements and proper accounting practices for council tax and NNDR (business rates) surpluses/deficits
Short-term Accumulated Absences Adjustments A/C	(67)	(46)	Balancing account to allow for differences in statutory requirements and proper accounting practices for staff leave and additional hours not taken at year end
Available for Sale Reserve	88	88	Store of Gains on on revaluation of available for sale assets not yet realised through sales
Total Unusable Reserves	46,325	42,938	

Revaluation Reserve

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.

	2024-25 £'000	2023-24 £'000
Balance at 1st April	62,012	59,410
Revaluation gains on non-current assets	-	5,075
Downward revaluation of assets and impairments	-	(400)
Surplus or Deficit on Revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	62,012	64,085
Accumulated gain on assets sold, derecognised or reclassified	-	-
Difference between fair value and historical cost depreciation	(2,268)	(2,073)
Amount written off to the Capital Adjustment Account	(2,268)	(2,073)
Balance at 31st March	59,744	62,012

Financial Instruments Revaluation Reserve

The Financial Instruments available for sale reserve holds the movements in the value in available for sale financial instruments to reflect the difference between statutory requirements and proper accounting practices for such assets.

	2024-25 £'000	2023-24 £'000
Balance at 1st April	88	88
Revaluation of investments not charged to the surplus or deficit on the provision of services:		
Downward revaluation	-	-
Balance at 31st March	88	88

Capital Adjustment Account

	2024-25 £'000	2023-24 £'000
Balance at 1st April	18,741	6,938
Reversal of items relating to capital expenditure debited or credited to Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(6,289)	(4,970)
Revaluation gains/(losses) on Property, Plant, and Equipment	-	-
Amortisation of intangible assets	(293)	(293)
Revenue expenditure funded from capital under statute	(1,980)	(1,726)
Revenue expenditure funded from capital under statute - Exceptional Financial	(3,902)	
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	-	-
	6,277	(52)
Capital receipts received on repayment of long-term loans		
Adjusting amounts written out of the Revaluation Reserve	2,268	2,073
Net amount written out for the cost of non-current assets consumed in the year	8,545	2,021
Capital Financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	-	-
Use of Capital Receipts Reserve to repay debt		
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	9,191	15,128
Capital expenditure charged against the general fund balance and repayment of Capital Financing Requirement	1,593	1,517
	19,329	18,666
Movements in the market value of Investing properties (charged) or credited to the Comprehensive Income and Expenditure Statement	-	75
Balance at 31st March	19,329	18,741

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.

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.

	2024-25 £'000	2023-24 £'000
Balance at 1st April	(649)	309
Amount by which Council Tax and Non-Domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non-Domestic rates income calculated for the year in accordance with statutory requirements	(173)	(958)
Balance at 31st March	(822)	(649)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory 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.

	2024-25 £'000	2023-24 £'000
Balance at 31st March	(37,251)	(2,665)
Effects of Business Combinations and Disposals	-	8,078
Balance at 1st April	(37,251)	5,413
Re-measurement of the net defined benefit liability	25,279	14,160
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(701)	(1,913)
Employer's pensions contributions and direct payments to pensioners payable in the year	5,269	5,381
Effects of Business Combinations and Disposals	-	-
Asset Ceiling Adjustment	(24,586)	(60,292)
Balance at 31st March	(31,990)	(37,251)

Deferred Capital Receipts Reserve

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

	2024-25 £'000	2023-24 £'000
Balance at 1st April	43	43
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-
Balance at 31st March	43	43

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.

Gloucester City 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 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:

	2024/25 £'000	2023/24 £'000
Comprehensive Income and Expenditure Statement (CIES):		
Service cost comprising:		
Current service cost	(1,887)	(2,063)
Past service cost	-	-
Total Service Cost	(1,887)	(2,063)
Interest Income on planned assets	9,395	7,754
Interest Cost on defined benefit obligation	(8,209)	(7,604)
Total Net Interest	1,186	150
Total post-employment benefits charged to Surplus or Deficit on Provision of Services	(701)	(1,913)
Re-measurement of the net defined benefit liability comprising:		
Changes in financial assumptions	24,008	7,096
Changes in demographic assumptions	302	1,047
Other experience	1,866	(5,815)
Return on assets (excluding the amount included in the net interest expense)	(897)	11,832
Changes in the effect of limiting a net defined benefit asset to the asset ceiling 2023/24	60,292	(60,292)
Changes in the effect of limiting a net defined benefit asset to the asset ceiling 2024/25	(84,878)	-
Total post-employment benefit charged to CIES	693	(46,132)
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	701	1,913
Actual amount charged against General Fund Balance for pensions in the year		
Employer's pension contributions and direct payments to pensioners	(5,269)	(5,381)
Effect of business combinations and disposals	-	(8,078)

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:

	2024/25 £'000	2023/24 £'000
Present value of the defined benefit obligation	(150,421)	(173,836)
Fair value of plan assets	203,309	196,877
Net asset/(liability) arising from defined benefit obligation	52,888	23,041
Expected net asset once agreed part service contributions are paid	(84,878)	(60,292)
Net asset/(liability) arising from defined benefit obligation disclosed on the Balance Sheet	(31,990)	(37,251)

The Council's pension liability decreased during 2024-25 by £29.847 million from a liability of £37.251 million to an asset of £7.404 million. 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, management have taken the judgement to de-recognise the pension asset from the balance sheet.

The revised position as a result of this action is a liability of £31.990m.

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

	Funded Liabilities Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Closing Fair Value of Scheme Liabilities 31st March	(173,836)	(150,437)
Effect of business combinations and disposals	-	(23,413)
Opening Balance at 1st April	(173,836)	(173,850)
Current service cost	(1,887)	(2,063)
Past service cost (including curtailments)	-	-
Interest cost	(8,209)	(7,604)
Contributions from scheme participants	(629)	(622)
Remeasurement gain/(loss):		
Arising from changes in demographic assumptions	302	1,047
Arising from changes in financial assumptions	24,008	7,096
Other experience	1,866	(5,815)
Benefits paid	7,769	7,785
Unfunded benefits paid	195	190
Closing balance at 31st March	(150,421)	(173,836)
Present value of Funded liabilities	(148,385)	(171,499)
Present value of Unfunded liabilities	(2,036)	(2,337)
Closing balance 31st March	(150,421)	(173,836)

The Local Government Pension scheme assets comprised:

Asset Category	Fair Value of Scheme Assets 2024-25			Fair Value of Scheme Assets 2023-24			Total
	Quoted prices in active markets	Quoted prices not in active markets	Total	Quoted prices in active markets	Quoted prices not in active markets	Total	
Debt Securities:							
Corporate Bonds - investment grade							
Corporate Bonds - non investment grade							
UK Government							
Other							
Private equity:							
All	-	5,821	5,821	-	4,710		4,710
Real Estate:							
UK Property	6,761	5,546	12,307	7,115	5,013		12,127
Overseas property	-	3,785	3,785	-	3,850		3,850
Investment Funds and Unit Trusts:							
Equities	-	123,686	123,686	-	118,763		118,763
Infrastructure	-	11,043	11,043	-	8,230		8,230
Bonds	14,635	20,544	35,179	14,419	21,176		35,595
Other	-	8,663	8,663	-	8,555		8,555
Derivatives:							
Foreign Exchange	150	-	150	193	-		193
Other	-	-	-	-	-		-
Cash & Cash equivalents:							
All	2,674	-	2,674	4,854	-		4,854
Totals	24,220	179,089	203,309	26,581	170,297		196,877

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

	2024-25	2023-24
	%	%
Equity investments	63.8	62.7
Bonds	17.3	18.1
Property	7.9	8.1
Other	4.3	4.4
Infrastructure	5.4	4.2
Cash	1.3	2.5
Total	100	100

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

	Funded Assets Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Closing Fair Value of Scheme Assets 31st March	196,877	147,772
Effect of business combinations and disposals	-	31,491
Opening fair value of scheme assets 1st April	196,877	179,263
Interest income	9,395	7,754
Return on plan assets (excl. amount included in net interest expense)	(897)	11,832
Other Experience		
Contributions from employees into the scheme	629	622
Contributions from employer	5,074	5,191
Contributions from employer in respect of unfunded benefits	195	190
Unfunded benefits paid	(195)	(190)
Benefits paid	(7,769)	(7,785)
Closing fair value of scheme assets 31st March	203,309	196,877

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.

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 1st April 2022. The significant assumptions made in their calculations have been:

	Local Government Pension Scheme	
	2024/25	2023/24
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	21.1	21.2 years
Women	23.7	23.8 years
Longevity at 65 for future pensioners *		
Men	21.4	21.5 years
Women	25.4	25.5 years
Rate of pension increase / inflation (CPI)	3.30%	3.30%
Rate of increase in salaries	2.80%	2.80%
Rate for discounting scheme liabilities	5.80%	4.80%

* 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 2025 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 2024	Approximate % increase to Employer	Approximate cost to Employer £'000
0.1% decrease in Real Discount Rate	1.00%	2,213
1 year increase in member life expectancy	4.00%	6,017
0.1% increase in the Salary Increase Rate	0.00%	65
0.1% increase in the Pension Increase Rate	1.00%	2,210

The above figures have been derived based on the membership profile of the scheme as at the most recent actuarial valuation, being 31 March 2025.

33. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2024-25 £'000	2023-24 £'000
Interest Received	1,320	1,596
Interest Paid	(5,710)	(5,005)

	2024-25 £'000	2023-24 £'000
Depreciation	6,289	4,970
Impairment and downwards valuations	-	(75)
Amortisation	293	293
Increase / decrease (-) in creditors	(68)	(10,520)
Increase / decrease (-) in debtors	(1,928)	(502)
Increase / decrease (-) in inventories	(140)	1
Movement in pension liability	(4,568)	(11,546)
Carrying amount of non-current assets and non-current assets held for sale sold	-	-
Other non cash items charged to the net surplus or deficit on the provision of services	(7,290)	(16,574)
Net cash outflows from Operating Activities	(7,412)	(33,953)

	2024-25 £'000	2023-24 £'000
Proceeds from the sale of PPE, investment property, and intangible assets	-	-

34. Cash Flow Statement – Investing Activities

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

	2024/25 £'000	2023/24 £'000
Purchase of Property, Plant and Equipment, Investment Property, and Intangible Assets	(42,977)	(55,222)
Purchase of Investments	-	-
Proceeds from the sale of Property, Plant and Equipment, Investment Property, and Intangible Assets	-	4,005
Proceeds from the sale of short and long term investments	-	-
Other receipts from investing activities	6,587	15,365
Net cash inflows/ (outflows) from Investing Activities	(36,390)	(35,852)

35. Cash Flow Statement – Financing Activities

	2024/25 £'000	2023/24 £'000
Cash Receipts of short and long term borrowing	141,116	91,761
Other receipts/payments for financing activities	-	-
Repayments of short and long term borrowing	(96,648)	(44,046)
Net cash flows from financing activities	44,468	47,715

Going Concern Statement

Underlying Principle:

- The accounts are prepared on a going concern basis, on the assumption that the functions of the Council will continue in their current or similar form for the foreseeable future. The Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription, and there is no notice from Government to that effect. Therefore, accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.
- If a Council was in financial difficulty, the prospects are that alternative arrangements would be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

Background:

- Gloucester City Council has struggled to meet the statutory deadlines for publishing its Annual Statement of Accounts since the cyber attack in December 2021. The recovery phase took a significant amount of time, with data needing to be put back into the Financial System and this delayed the accounts being completed for 2021-22 and 2022-23, which had a knock-on impact on 2023-24 and 2024-25 accounts production.
- The accounts for 2021-22 were published in late 2024, and the standard disclaimed external Auditor option (a shortcut directed by Government in an attempt to deal with a national backlog of accounts) was made by Deloitte's (the Council's then external auditors) on 13 December 2024 and likewise 2022-23 was 27th January 2025.
- In September 2025 following the completion of the draft 2023/24 Statement of Accounts a significant overspend was discovered in the revised 2023-24 outturn, which had a major impact on the reserves position for future financial years
- The Council faced a challenging financial position. Immediate action was needed to in order to set a balanced budget for 2026/27 to prevent the possibility of a Section 114 Notice.
- In December the outturn for 2024/25 was reported at an overspend of £4.3m taking the Council into negative reserves. Following discussions with the MHCLG and CIPFA the S151 Officer submitted an application for Exceptional Financial Support (EFS) to MHCLG for a capitalisation direction of up to £15.5m.
- On 23rd February Gloucester City Council was granted in-principle capitalisation direction approval for up to £15.5m for Exceptional Financial Support covering three financial years (2024-25, 2025-26 & 2026-27).

Adjusted Financial Position:

- In September 2025 following the completion of the draft 2023/24 Statement of Accounts a report was presented to members updating the financial position. This report detailed the overspend of £826k in 2023/24 to correct the prior reported overspend of £288k. It was also highlighted that there was an overspend in 2022/23 of £725k which was not apparent until January 2025 when the accounts were published and signed off.

2023-24 Outturn Compared with Budget and Estimated Outturn (Jul 24)

Summary	Budget £'000	Estimated Forecast £'000	Actual £'000s	Variance (Forecast Actual) £'000	v
Performance & Resources	(3,806)	1,389	2,582	1,193	
Communities	8,820	9,412	8,922	(490)	
Culture & Leisure	2,069	2,694	2,478	(216)	
Place	889	926	866	(60)	
Senior Management	355	413	412	(1)	
Corporate & Funding	(8,223)	(14,546)	(14,434)	112	
TOTAL	104	288	826	538	

- The 2023-24 financial year has closed with an overspend of £826k compared to previous forecast overspend of £288k. This gap has been funded using earmarked reserves to maintain the General Fund Balances position

Projected Financial Position

Reserves

- The Council is dependent upon EFS in the form of a Capitalisation Direction to balance the 2026/27 Budget. Gloucester City Council has been granted in-principle approval to our request for up to £15.5m for Exceptional Financial Support covering three financial years, as of 23rd February 2026.
- After taking account of the approval of EFS, the forecast of usable unrestricted Earmarked Revenue Reserves and the General Fund balance over the period 2025/26 to 2030/31 is summarised in the below table together with the forecast Budget deficit over the medium term.

General fund Balances with EFS	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	2029/30 £'000s	2030/31 £'000s
Opening Balance	0	290	2,713	(1,603)	(3,264)	(3,857)
Cont to/(from) General Fund	(2,270)	(6,627)	(4,316)	(1,661)	(594)	(454)
EFS Funding	2,560	9,050	0	0	0	0
Closing Balance GF	290	2,713	(1,603)	(3,264)	(3,857)	(4,311)
Earmarked Reserves	1,962	1,962	1,962	359	0	0
Total Reserves after Budget Shortfall	2,252	4,675	359	(2,905)	(3,857)	(4,311)

- Total Reserves are adequate to cover 2026/27, however, the forecast balance using General and earmarked reserves of just £359k in 2027/28, and going into negative balances of £2.905m in 2028/29 demonstrates that the Council is not financially sustainable in the medium term based upon its current operating model.
- Further work is required on the Recovery plan actions to deliver a sustainable medium term budget.

Capital Strategy

- The Council's total Capital Expenditure estimated to be £37.925m at 31 March 26, and £22.603m at 31 March 27. Of the spend in 2025-26 £28.645m will be estimated to be financed with borrowing, followed by an estimated £15.024 in 2026-27.
- The Capital Financing Requirement (the Council's underlying need to borrow) is estimated to be £273.993m at 31 March 26, and £285.993m at 31 March 27. The Capital Strategy 26/27 is available on the Gloucester City Council's website.
- The Major Projects Steering group and/or the Property Investment Board review significant projects for inclusion within the Council's capital programme. Projects are collated by finance who calculate the financing cost. The groups appraise all bids based on a comparison of service priorities against financing costs and makes recommendations for the capital programme. The final capital programme is then presented to Cabinet and Council in February each year.
- Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and Resources and staff, who must act in line with the treasury management strategy approved by Council.

Statutory Assurance from the Chief Finance Officer (Section 151 Officer)

- Taking account of all the above considerations, I am of the view that the proposed Budget 2026/76 including the £15.5m (£9.050m for 2026/27) In-principle Capitalisation Direction is lawful, robust, balanced and can be managed within the Council's existing resources.
- There is a significant deficit for 2027/28 onwards in terms of expenditure against funding that will need to be addressed at pace with significant savings and increased income. If this budget gap is not closed the Council will again be reliant on Exceptional Financial Support in the form of a Capitalisation Direction.
- Further significant additional savings/increased income will be required so that Council can balance the Budget in future years

Conclusion

In conclusion, It is appropriate that the Statement of Accounts are prepared on a going concern basis. Through use of the in-principle EFS provision, the council is able to maintain sufficient liquidity and financial resilience to meet its obligations and continue delivering services.

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 Gloucester) to maintain a separate fund to record the collection and distribution of non-domestic rates and council tax.

2023/24 £'000	Note	2024/25 £'000
INCOME		
80,910	(i)	85,745
Council Tax		
55,476	(ii)	55,970
Non Domestic Rates		
Contribution to previous year's deficit		
-		2,092
-		-
- Non-domestic rates		
- Council Tax		
136,386	Total Income	143,807
EXPENDITURE		
Precepts & Demands from major preceptors and the Authority - Council Tax		
(9,003)		(9,337)
Payment to Gloucester City Council		
(59,538)		(62,922)
Payment to Gloucestershire County Council		
(11,530)		(12,117)
Payment to Police and Crime Commissioner for Gloucestershire		
Non-Domestic Rates (ii)		
(22,161)		(23,665)
Payment to Gloucester City Council		
(27,701)		(29,581)
Payment to Central Government		
(5,540)		(5,916)
Payment to Gloucestershire County Council		
-		-
- Transitional Protection Payments Payable To Government		
-		-
- Interest on repayments		
Impairment		
(686)		(10)
Increase/(Decrease) in bad debt provisions		
(48)		1,040
Increase/(Decrease) in Provision for NNDR Appeals		
(170)		(169)
Cost of NNDR Collection		
(167)		(1,040)
Cost of Council Tax Collection		
Contribution towards previous year's surplus		
-		(1,000)
- Council Tax		
(1,745)		-
Non-domestic rates		
(138,288)	Total Expenditure	(144,717)
(1,902)	(Surplus)/Deficit arising during the year	(910)
1,237	Balance of fund at 1st April	(665)
(665)	Balance of fund at 31st March	(1,575)
	(iii)	

Notes To The Collection Fund

(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)	Ratio	Band "D" Equivalents
A Disabled	51	5/9	28
A	14,644	2/3	9,763
B	14,822	7/9	11,528
C	12,761	8/9	11,343
D	5,574	9/9	5,574
E	3,573	11/9	4,367
F	856	13/9	1,236
G	144	15/9	240
H	2	18/9	5
	52,426		44,084
Less Council Tax support (Band D equivalents)			(4,427)
Less adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation bandings, demolitions, disabled persons' relief, and exemptions, plus adjustments for new properties and 2 nd homes (this amounts to 1.25% of the tax base)			(551)
Council Tax Base for 2023/24			39,106

(ii). 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.

The Business Rates Retention scheme splits rate income between central government and local authorities according to a set percentage split in each area. During 2024-25 the income received by Gloucester City Council was distributed as follows: 40% of income goes to Gloucester City Council, 10% to Gloucestershire County Council and 50% to Central Government. The Collection Fund Statement shows the sums received by each organisation for Business Rates in 2024-25.

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 2025 was £141.3 million (£140.6 million at 31st March 2024) and the national non-domestic multipliers for 2024-25 were 54.6p (54.6p in 2023-24) (standard rate) and 49.9p (49.9p in 2023-24) (small business rate), resulting in net income after transitional, small property, empty property and mandatory reliefs of £56.8 million (£54.6 million in 2023-24).

As part of the scheme Central Government established a baseline funding level for every authority. A system of tariffs, paid by authorities who have gained, and top ups, paid to those who have lost out, ensures that each authority receives their baseline funding. The tariff paid by Gloucester City Council from its general fund in 2024-25 was £18.2 million.

(iii). 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 their precepts. The fund balance for Non-Domestic Rates is shared between the Council, Gloucestershire County Council and Central Government, in the statutory proportions.

The respective authorities' share of the balance is as follows:

	Gloucester City Council Share £'000	Gloucestershire County Council £'000	Police and Crime £'000	Central Government £'000	Total £'000
Council Tax					
Balance at 1st April 2023	149	990	192	-	1,331
Increase/(decrease) in the year	(77)	(498)	(98)	-	(673)
Balance at 31st March 2024	72	492	94	-	658
Business Rates					
Balance at 1st April 2024	(798)	(200)	-	(998)	(1,996)
Increase/(decrease) in the year	(95)	(23)	-	(119)	(237)
Balance at 31st March 2025	(893)	(223)	-	(1,117)	(2,233)
Fund Balance at 31st March 2025	(821)	269	94	(1,117)	(1,575)

GROUP ACCOUNTS

The Group Accounts bring together the Council's accounts with its share of those of:

- Gloucestershire Airport Limited, in which the council has a 50% shareholding (the remaining 50% of shares are owned by Gloucester City Council).

The purpose of the Group Accounts is to show the full value of the Council's investments in companies within the financial statements, since the council's shareholdings may not fully reflect its actual share of the companies' assets and liabilities.

Gloucestershire Airport Limited has been categorised as a Joint Venture as any decisions regarding its operating and financial policies require the consent of another party in addition to the council (the company is 'jointly controlled'). The company's assets and liabilities have therefore been consolidated with the council's in accordance with IAS 28 and IFRS11, which require the Equity Method to be used. Under this method, the council's share of the operating results of the company before tax is reported as a separate line, after the net surplus or deficit on the provision of services, within the Group Comprehensive Income and Expenditure Statement. Any taxation payable is also disclosed as a separate line.

In the Group Balance Sheet the council's share of the joint venture's net assets are included as a long-term investment, matched by the council's share of the company's reserves, eliminating the share capital. There is no requirement to adjust for transactions incurred and balances held between the council and any joint venture companies.

Statement Of Accounting Policies For The Group Accounts

These are set out in note 1.29 on page 33.

Statement of Accounts 2024-25 (Unaudited)

Group Comprehensive Income and Expenditure Statement

This statement shows the cost in the year of providing group 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 in the Group Movement in Reserves Statement.

2023-24				2024-25			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
(7,838)	5,393	(2,445)	Communities and Neighbourhoods	(4,936)	3,738	(1,198)	
(4,045)	1,979	(2,066)	Culture	(4,961)	2,563	(2,398)	
(14,821)	7,720	(7,101)	Environment	(15,764)	7,822	(7,941)	
(2,062)	531	(1,531)	Housing and Planning	(1,603)	963	(640)	
(40,367)	41,700	1,333	Performance and Resources	(43,033)	34,707	(8,325)	
(9,872)	10,489	617	Regeneration and Economy	(11,781)	11,431	(350)	
(79,005)	67,812	(11,193)	Cost of Services	(82,077)	61,225	(20,852)	
(286)	-	(286)	Other Operating Expenditure (Note 7)	(285)	-	(285)	
(4,797)	2,530	(2,267)	Financing and Investment Income and (Expenditure) (Note 8)	(4,079)	1,591	(2,487)	
(18,499)	54,599	36,100	Taxation and non-specific grant Income and (Expenditure) (Note 9)	19,930	5,539	25,469	
(102,586)	124,941	22,354	Surplus or (Deficit) on the provision of services	(66,510)	68,355	1,845	
		(1,085)	Share of Surplus or (Deficit) of Joint Ventures			(4,116)	
		293	Share of Tax expenses of Joint Ventures			323	
		21,563	Group Surplus or (Deficit)			(1,948)	
			<i>Items that will not be reclassified to the Surplus or (Deficit) on the provision of services</i>				
		7,098	Surplus or (Deficit) on revaluation of non-current assets			-	
		-	Surplus or (Deficit) on revaluation of available-for-sale financial assets			-	
		(46,132)	Remeasurement of the net defined benefit (liability)/asset (Note 32)			693	
		(39,034)	Other Comprehensive Income and (Expenditure)			693	
		(17,471)	Total Comprehensive Income and (Expenditure)			(1,255)	

Group Balance Sheet

This statement shows the value as at the balance sheet date of the assets and liabilities recognised by the group. The net assets of the group (assets less liabilities) are matched by reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences.

31-Mar-24 £'000	Note	31-Mar-25 £'000
216,096	Property, Plant & Equipment 18	252,794
7,035	Heritage Assets 19	7,042
53,761	Investment Property 22	53,761
447	Intangible Assets	154
10,677	Long term Investments 24	10,677
9,754	Investments in Joint Ventures	5,960
804	Long term Debtors 24	748
298,574	Long Term Assets	331,136
-	Short term Investments	-
4,500	Assets held for Sale 20	4,500
24	Inventories	164
36,701	Short term Debtors 25	44,006
5,022	Cash and Cash Equivalents 26	7,533
46,247	Current Assets	56,203
-	Bank Overdraft 26	-
(73,851)	Short term Borrowing 24	(122,169)
(3,209)	Short term Creditors 27	(4,418)
-	Grant receipts in advance - capital 15	-
-	Grant receipts in advance - revenue 15	-
(1,264)	Provisions (<1yr) 28	(869)
(78,324)	Current Liabilities	(127,456)
(103)	Provisions (>1yr) 28	(106)
(159,073)	Long term Borrowing 24	(155,223)
(7,119)	Grant receipts in advance - capital 15	(6,825)
-	Grant receipts in advance - revenue 15	-
-	Deferred Income	(4,045)
(37,251)	Other Long term Liabilities 32	(31,990)
(203,546)	Long Term Liabilities	(198,189)
62,950	Net Assets	61,694
1,243	Usable Reserves 30	(187)
61,707	Unusable Reserves 31	61,881
62,950	Total Reserves	61,694

Statement of Accounts 2023-24 (Unaudited)

Group Statement of Movement in Reserves

This statement shows the movement in the year in the different reserves held by the group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. A breakdown of the Total Comprehensive Income & Expenditure line is shown in the Group Comprehensive Income and Expenditure Statement, where the group surplus or deficit line shows the true economic cost of providing the group's services.

	Usable			Unusable			
	Total Authority Usable Reserves	Authority's share of Usable Reserves of subsidiaries and Joint Ventures	Total Group Usable Reserves	Total Authority Unusable Reserves	Authority's share of Unusable Reserves of subsidiaries and Joint Ventures	Total Group Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2023	4,206	(8,343)	(4,138)	64,088	18,888	82,977	78,839
<i>Movement in Reserves during 2023/24</i>							
Total Comprehensive Income and (Expenditure)	22,354	791	23,145	(37,452)	-	(37,452)	(14,307)
Adjustments between company reserves	-	(1,464)	(1,464)	-	1,464	1,464	-
Adjustments between accounting basis and funding basis under regulation (Note 5)	(16,301)	-	(16,301)	16,301	(1,582)	14,719	(1,582)
<i>Increase in 2023/24</i>	6,054	(673)	5,381	(21,151)	(118)	(21,269)	(15,889)
Balance at 31 March 2024	10,259	(9,016)	1,242	42,937	18,770	61,708	62,950
<i>Movement in Reserves during 2024/25</i>							
Total Comprehensive Income and (Expenditure)	1,845	(3,793)	(1,948)	693	-	693	(1,255)
Adjustments between company reserves	-	3,213	3,213	-	(3,213)	(3,213)	-
Transfer of Capital Funding to finance capitalisation (Note 5)	3,902	-	3,902	-	-	-	3,902
Adjustments between accounting basis and funding basis under regulation (Note 5)	(6,596)	-	(6,596)	2,694	(1)	2,693	(3,903)
<i>Increase in 2024/25</i>	(849)	(580)	(1,429)	3,387	(3,214)	173	(1,256)
Balance at 31 March 2025	9,410	(9,596)	(187)	46,324	15,556	61,881	61,694

Group Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the group including those of the joint venture Gloucestershire Airport Limited during the reporting period. The statement shows how the group generates and uses cash by classifying cash flows as operating, investing and financing activities.

2023/24		2024/25
£'000		£'000
21,563	Net surplus or (deficit) on the provision of services	- 1,949
- 33,959	Adjust net surplus or deficit on the provision of services for non-cash movements	- 3,831
-	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities	-
- 12,396	Cash inflows/ (outflows) generated from operating activities	- 5,780
- 36,038	Investing activities	- 36,948
48,778	Financing activities	45,251
344	Net increase / (decrease) in cash and cash equivalents	2,523
4,880	Cash and cash equivalents at the beginning of the year	5,224
5,224	Cash and cash equivalents at the end of the year (note 26)	7,747
- 344	Net increase / (decrease) in cash and cash equivalents	- 2,523

Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2024-25 £'000	2023-24 £'000
Interest Received	1,320	1,596
Interest Paid	(5,710)	(5,005)

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

	2024-25 £'000	2023-24 £'000
Depreciation	6,665	5,267
Impairment and downwards valuations	3,340	(75)
Amortisation	293	293
Increase / decrease (-) in creditors	(76)	(10,280)
Increase / decrease (-) in debtors	(1,738)	(702)
Increase / decrease (-) in inventories	(136)	(44)
Movement in pension liability	(4,566)	(11,551)
Carrying amount of non-current assets and non-current assets held for sale sold	-	-
Other non cash items charged to the net surplus or deficit on the provision of services	(7,613)	(16,867)
Net cash outflows from Operating Activities	(3,831)	(33,959)

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

	2024-25 £'000	2023-24 £'000
Proceeds from the sale of PPE, investment property, and intangible assets	-	-

Group Cash Flow Statement – Investing Activities

	2024/25 £'000	2023/24 £'000
Purchase of Property, Plant and Equipment, Investment Property, and Intangible Assets	(43,179)	(55,449)
Purchase of Investments	-	-
Proceeds from the sale of Property, Plant and Equipment, Investment Property, and Intangible Assets	23	4,067
Proceeds from the sale of short and long term investments	-	-
Other receipts from investing activities	6,208	15,344
Net cash inflows/ (outflows) from Investing Activities	(36,948)	(36,038)

Group Cash Flow Statement – Financing Activities

	2024/25 £'000	2023/24 £'000
Cash Receipts of short and long term borrowing	141,879	92,950
Other receipts/payments for financing activities	-	-
Repayments of short and long term borrowing	(96,628)	(44,172)
Net cash flows from financing activities	45,251	48,778

36. Gloucestershire Airport Limited

Gloucestershire Airport Limited is a wholly owned local authority airport company which was voluntarily established during 1992-93 by Gloucester City Council and Gloucester City Council, using powers available to them under the Airports Act 1986. This replaced the previous joint committee arrangements. The shares allotted were divided equally between the two councils. The market value of the shares is unknown as they are not listed, however their current fair value has been estimated and is included in the council's single entity accounts under long term investments: financial assets at fair value through other comprehensive income.

The registered name of the airport company is Gloucestershire Airport Limited (Registration No. 02774189). The audited accounts of the company show net assets at 31 March 2025 of £11.920 million (£19.508 million at 31 March 2024), and an after tax loss of £7.588 million for the year to 31 March 2025 (£1.582 million loss to 31 March 2024). The council's commitment to meet losses is limited to the shares that it holds.

The following table discloses the council's share of the airport's results and net assets.

	Gloucester- shire Airport Limited 2024/25 £'000	Council's share 2024/25 £'000	Gloucester- shire Airport Limited 2023/24 £'000	Council's share 2023/24 £'000
Turnover	5,143	2,572	5,074	2,537
Profit/(Loss) on ordinary activities before taxation	(8,233)	(4,117)	(2,169)	(1,085)
Less tax on profit on ordinary activities	645	323	586	293
Profit/(Loss) for the financial year after taxation	(7,588)	(3,794)	(1,582)	(791)

	Gloucester- shire Airport Limited 31 March 2025 £'000	Council's share 31 March 2025 £'000	Gloucester- shire Airport Limited 31 March 2024 £'000	Council's share 31 March 2024 £'000
Non-current Assets	35,734	17,867	42,046	21,023
Current Assets	2,663	1,332	3,026	1,513
Liabilities due within one year	(20,857)	(10,429)	(19,332)	(9,666)
Liabilities due after one year (excluding pensions)	(806)	(403)	(774)	(387)
Deferred tax liabilities	(4,814)	(2,407)	(5,458)	(2,729)

The airport did not pay any dividends in the year to 31st March 2025 (nil in 31st March 2024).

The Airport's accounts for the year ended 31st March 2025 can be obtained from the Managing Director at the company's registered office - The Terminal Building, Staverton, Cheltenham, Gloucestershire, GL51 6SR.

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 1 st 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	<p>Original estimate: the estimate for the new year approved before the start of the financial year, usually at the previous November's price levels.</p> <p>Revised estimate: the original estimate for the year updated by price changes since it was prepared and by supplementary estimates and virements.</p>
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 stewardship 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 1 st April and finishes on 31 st 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.

DRAFT