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Strategic Finance



# Statement of Accounts 2025-26



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**Gloucestershire**  
COUNTY COUNCIL

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## **Foreword to the Statement of Accounts**

Gloucestershire County Council (GCC) has maintained a well-managed and relatively strong financial position during 2025/26, with a balanced budget and a prudent level of reserves. This provides a stable foundation for delivering services across the county.

However, we recognise that financial resilience must translate into real outcomes for residents. Many people, families and communities are facing increasing pressures, and we remain committed to understanding those challenges, listening, and working hard to support Gloucestershire through a difficult and changing environment.

Like councils across the country, we are facing significant financial pressures driven by rising demand, increasing costs and uncertainty around future government funding. These challenges require careful decision-making now to ensure we protect priority services, maintain financial sustainability and avoid more disruptive interventions in the future.

Despite this context, GCC continues to invest at scale. For 2026/27, we will invest over £698 million in services and infrastructure, including an additional £33 million compared to the previous year. This reflects our commitment to delivering for residents, with investment focused where it will have the greatest impact.

Over the past year, this has supported tangible improvements across the county. Our highways programme has resurfaced 176 roads and delivered extensive maintenance work to improve everyday journeys. We will continue to invest in our highways network, with a strengthened focus on road safety, recognising the importance of keeping people safe on Gloucestershire's roads.

We have also improved connectivity and sustainability through the opening of the Arle Court Transport Hub, providing better public transport options and supporting cleaner travel, including electric vehicles. Alongside this, we have continued to invest in our environmental ambitions through tree planting and expanded EV infrastructure.

In rural areas, the extension of the Robin, Gloucestershire's demand-responsive bus service has improved access to services and opportunities. We have also prioritised support for the most vulnerable, including an additional £23.3 million investment in services for children, with further work underway to ensure more care is delivered closer to home.

Looking ahead, our investment will continue to focus on the priorities residents care most about; maintaining and improving roads and drainage, enhancing road safety, investing in schools and special educational needs provision, supporting adult social care, improving recycling and environmental services, and maintaining strong emergency services.

Alongside this, we are continuing to improve how we work. We have identified £32.3 million of savings (£31.2m efficiencies and £1.1m service reductions) for 2026/27 and are also reviewing our fees and charges, making increases to support our investment plans, ensuring that every pound is used as effectively as possible.

We are realistic about the challenges ahead and we are committed to being open about the challenges we face, continuing to listen, working closely with partners and communities.

There is much to do, and we are ready to roll up our sleeves and continue the hard work—with passion, determination, and an unwavering commitment to ensure together, we build a stronger future for Gloucestershire.



**Cllr Lisa Spivey**  
**Leader**



**Jo Walker**  
**Chief Executive**

## **Narrative Report**

### **Introduction**

Welcome to GCC's Statement of Accounts (SoAs) for 2025/26. The SoAs report the income and expenditure on service provision for the financial year and the value of GCC's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices, as defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and in accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2022.

Our 2025/26 audited SoAs needs to be submitted to GCC's Audit & Governance Committee (our appropriate body) for approval on 24th September 2026, following a thirty working day public inspection period which will commence on 1st July 2026.

In line with these timescales our 2025/26 SoAs are prepared to adhere to the statutory deadlines, with the SoAs being available to our auditors, KPMG, by 30th June 2026. Producing a quality set of accounts requires the diligence, hard work and skill of a wide range of staff in the Financial Management department and across the Council.

As in previous years, the financial statements demonstrate that the financial standing of GCC continues to be robust. We have employed good financial management disciplines, processes, and procedures during the year, and we continue to strive for on-going improvement and excellence.

This Narrative Report provides information about Gloucestershire, including the key issues affecting GCC and its accounts. It provides a summary of the financial position as at 31st March 2026 followed by an explanation of the financial statements, including information on significant transactions during 2025/26.

To comply with the Code, the information contained in the accounts is, by necessity, technical and very complex. The aim of this narrative report is not only to provide readers with a wider overview of GCC's financial position for the year ending 31st March 2026 but also to enable an understanding of the key issues. It does this by presenting an analysis of the final outturn position for each Service area, comparing actual net expenditure with approved budget. This outturn position is reconciled to the figures shown in the Comprehensive Income & Expenditure Statement in Note 4: Expenditure and Funding Analysis. Further information is provided in the following pages.

## Our Context

Gloucestershire is a great place to live, work and do business. Most local people enjoy a high standard of living; and our levels of health and wellbeing are comfortably above the average for the country. Local people are generally well-educated, unemployment is low, and Gloucestershire's economy is strong and resilient.

Our natural environment is incredibly varied with 38 landscape character types, around 120 Sites of Special Scientific Interest and 3 Natural Landscapes (Areas of Outstanding Natural Beauty) which covers 51% of the county's area, as well as nature reserves and other natural assets.

However, there are areas of the County where residents' outcomes fall well below national averages and where, as a result, local people are more likely to depend on the services we provide to meet their needs. 20,960 people (3.1% of the county's population) live in areas amongst the most deprived 10% in England.

The majority of the county (87.5% of the total area) is classified as rural. However, in 2024 only 28.7% of the county's population resided in rural areas. Gloucestershire's urban areas accommodate the majority (71.3%) of the county's total population. The rural nature of the County makes it difficult for some people to access the services they need, and three out of every twenty Gloucestershire households have no access to a car or van.

The population of Gloucestershire increased by 58,049 people between 2014 and 2024. The rate of growth was higher nationally, with the population of England and Wales increasing by 7.6% between 2014 and 2024. The population is also changing. The number of older people is predicted to continue to rise sharply over the coming years, and the biggest increases will be seen in the number of over-85s. As this is the age group most likely to need support from GCC, this means that health and care services need to be ready to respond.

Meanwhile, the child population is projected to decline over the coming years. For the five years 2025-2030 we expect to see a steady decrease in overall demand for primary places. Whilst secondary numbers have been increasing over the last few years, secondary school forecasts now show a slight decrease in pupil numbers between the forecast years September 2025 and September 2030 for the county as a whole. It should be noted that the impact of new housing is not taken into account in those forecasts.

There will be pressure on places resulting from rising numbers in specific localities and in some areas current supply levels will not be sufficient. Demand for services for children with SEND is increasing in line with national trends. The rate of referrals to Children's Social Care in Gloucestershire remains higher than our statistical neighbours and has increased since last year compared to the national rate. Rates of children receiving a social care service are higher than our statistical neighbours, however our rates of children who are the subject of a Protection Plan and Children in Care have now dropped to be in-line with statistical neighbours.

The number of working-age adults in the County is expected to increase but at a slower rate than older people, meaning that, as a proportion of the population as a whole, the number of people who are more likely to rely on GCC for support is increasing. For every 100 people of working age, there were around 65 dependents in 2022, this is projected to increase to 69 by 2047.

Gloucestershire's economy generally compares well to the national average, however there are signs that the job market is stalling, with growth in the number of payrolled employees being on a largely

downward trend through 2023, 2024 and 2025. In addition, there are concerns about the level of economic inactivity and people claiming Universal Credit with no work requirements / not expected to work at present. This includes people whose health or caring responsibility prevents claimant from working or preparing for work, those in full time education, and those with a child under 1, with 7.1% of 16–64-year-olds falling into this group in January 2026, up from 5.3% in January 2025 and 4.2% in January 2024.

While these issues are not unique to Gloucestershire, they do pose significant challenges. We need to be imaginative about how we deliver services, help people to stay healthier longer, build communities that are resilient and provide the help and support needed.

## Council Strategy

The Council's vision, ambition and priorities for Gloucestershire are brought together in a Council Strategy – A stronger future, built together (2025 – 2029).

### Vision

We want Gloucestershire to be a county where everyone can live a healthy life, get a good education and job, and feel proud of their area. We aim to make sure everyone is treated fairly, can access opportunities and services easily, and feels welcome in a kind and caring community.

### GCC's Priorities for 2025 - 2029

The strategy includes four main priority Themes and associated priority Outcomes, as follows:

#### 1. Children and young people thrive

- Give every child the best start in life by enabling early years provision and the chance to grow up with the support of family help and protection delivered locally, when it's needed.
- Be ambitious for children with Special Educational Needs and Disabilities (SEND), ensuring they have opportunities to take part in family, community and school life, and can develop their independence as they enter adulthood.
- An excellent wide-ranging education for all.
- Be outstanding corporate parents and family to children growing up in our care and entering adulthood.
- The council is an innovative and agile organisation that attracts additional resources to support children & families and offers excellent career opportunities for a highly skilled children's services workforce.

#### 2. Strong, healthy communities that care

- People live healthier lives for longer and health inequalities are reduced.
- People receive an excellent adult social care service when they need it.
- People know where to go to get the right information to help themselves and each other.
- People thrive and live a good life, supported to maintain their independence by services that work together in their communities.
- People are supported by a care sector which is resilient and by a workforce of paid and unpaid carers who are skilled, motivated and valued.
- Communities are protected to be safe and resilient, and supported by an effective, efficient and inclusive Fire and Rescue service which is rated Good.

#### 3. A place to be proud of

- Support a healthier, more resilient natural and built environment, including responding to the risks and impacts of climate change to the benefit of communities.
- Improve the quality and safety of our roads through targeted capital improvement schemes, effective communication with the community, and coordinated efforts to improve the street-scene.
- Foster inclusive and sustainable local economic growth and prosperity, which tackles inequality.
- Gloucestershire attracts inward investment and delivers cohesive, connected and sustainable infrastructure to drive economic growth.
- Communities are connected with improved, safer, healthier and greener public transport, enabled by well maintained, enhanced and delivered transport infrastructure.

#### 4. An open, fair and sustainable council

- We champion equality and inclusion and are trusted by our communities to listen to what local people care about and work with them to find and shape the right solutions together.
- Better opportunities and outcomes for those communities that need support.
- Strengthen leadership, culture, and workforce capability to make GCC a great place to work.
- Deliver Local Government Reorganisation in a way that is collaborative, sustainable, and

aligned with community needs.

- Deliver a balanced budget and long-term financial resilience through smarter planning and cross-cutting efficiencies.
- Use digital innovation and data intelligence to improve services, collaboration, and decision-making.

During 2025/26, we have:

- Strengthened governance and risk management:
  - Embedded clearer decision-making processes and strengthened risk oversight, ensuring that key decisions are informed, transparent, and supported by robust internal controls.
- Improved regulatory and inspection outcomes:
  - Secured a Good Ofsted judgement for Children's Services and addressed all Fire and Rescue inspection findings, demonstrating sustained improvement in service quality and compliance.
- Delivered major transformation milestones:
  - Successfully implemented the new ERP system, alongside continued delivery of priority digital and service transformation programmes that are simplifying processes and improving how services are delivered.
- Built stronger digital, data and ICT foundations:
  - Improved system stability and data quality, enabling more reliable services and providing better insight to support both frontline delivery and strategic planning.
- Maintained strong financial and commercial management:
  - Strengthened budget management, procurement practices and contract oversight, helping the organisation remain financially resilient despite ongoing funding pressures.
- Enhanced programme and performance oversight:
  - Introduced more consistent corporate programme management and governance arrangements, improving visibility of delivery progress, risks and outcomes across the organisation.

## People

The way in which GCC delivers its services continues to change and evolve, including embedding different ways of working to enable a more agile workforce, whilst at the same time contributing to our climate change agenda. We continue to evolve our approach to the way our employees deliver and commission services and to the way we work, making the best use of technology.

GCC employed 4,635 individuals as of 1st April 2025, this includes 440 Gloucestershire Fire & Rescue service staff, however, excludes all schools staff and casual staff. If a member of staff has two contracts with GCC, they are only counted once in the above figure. GCC Workforce Headcount statistics are published on our [website](#).

GCC developed a Workforce Strategy for 2024-27 which recognised that GCC is a major stakeholder and influencer on behalf of the people of Gloucestershire and plays a leading role amongst a wide range of partners in delivering public services.

Like most local authorities, GCC faces unprecedented challenges in delivering its strategy and vision for the county's future against a backdrop of sustained financial cost cutting and increasing demand for services. GCC's services are overwhelmingly delivered through people, directly or indirectly, and so the effectiveness of those services will be chiefly influenced by how well our workforce is enabled, with the appropriate workplace culture, capacity, and capability to carry out their roles.

### Consideration of the Equality Duty and Decision Making

Our Due Regard Process ensures that we consider the three aims of the public sector equality duty when we plan and deliver our work and when making decisions.

The general duty requires GCC to have due regard to the need to:

- Eliminate discrimination, harassment, and victimisation.
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it.
- Foster good relations between people who share a protected characteristic and people who do not share it.

Our process ensures that decision makers consider these aims as part of their day-to-day working practices and our policies reflect that approach. GCC's most recent annual Workforce Equalities, Diversity and Inclusion Report (2025) has been created using data held with our personnel software with a reporting data of 1st July 2025.

Like most similar employers, GCC's equality data is not fully complete because it is optional for staff to complete this information. Research suggests that staff do not share their information for a range of reasons. An internal Staff Survey is conducted each year, which asks staff if they have completed their equality information and if not, we ask them to share the reasons why. In addition, requests to update information are sent via Corporate Communications.

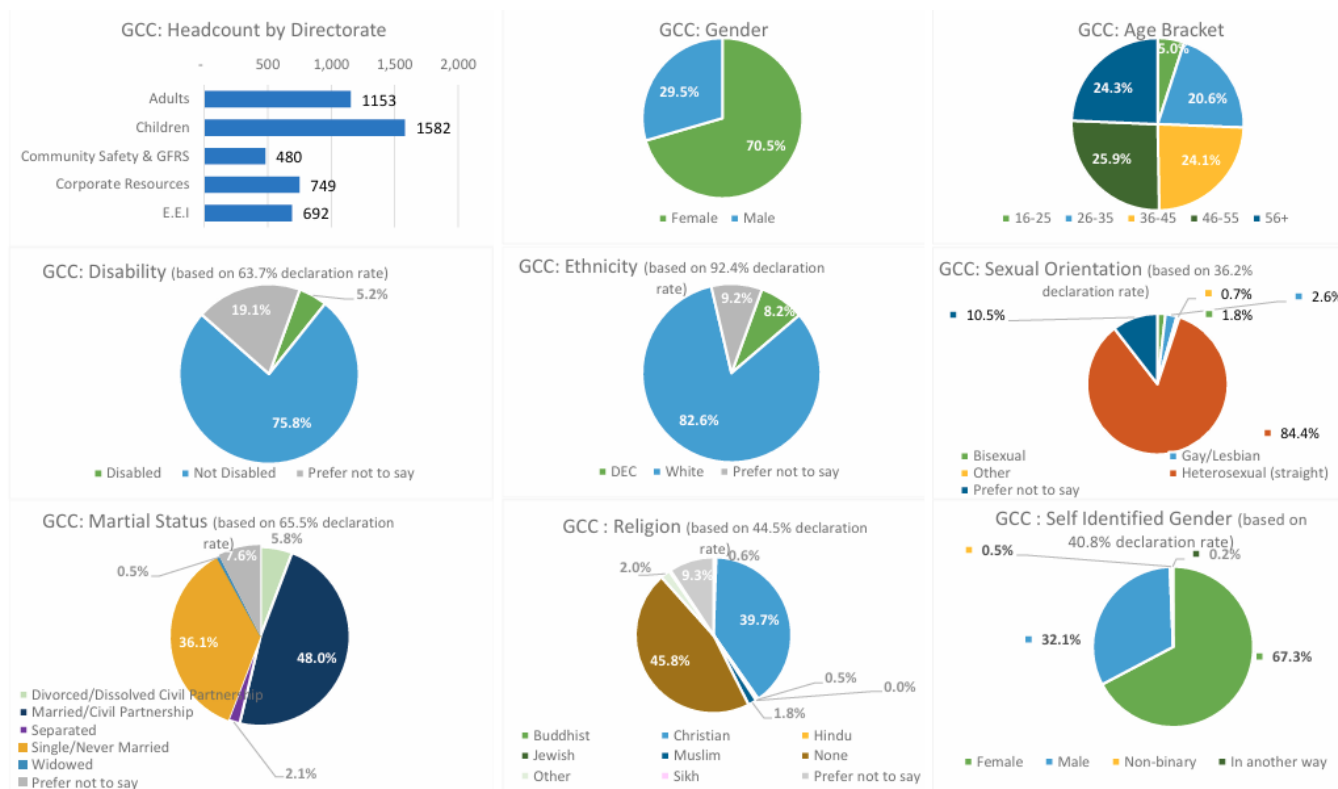
There has been a notable decrease in data disclosed by new starters across certain characteristics. GCC is actively working on ways we can encourage new starters to share their personal data, close data gaps and continue to review / develop reporting functionality within the HR system to enable reporting at different stages of the employee journey. Implementation of a new personnel system in 2026 will provide an easier user-friendly interface for employees to update their personal information and there will be a

communication campaign to support updating and completion of data after the system goes live.

Completion rates vary between the different protected characteristics which does impact the quality of the conclusions drawn in the report. Any recommendations made using the data in the report are intended to be proportional and therefore the disclosure rates are taken into consideration.

In the previous year report, we compared data across three years, and we will continue to do so, this is to support further trend analysis and may be used as a key performance indicator for ED&I initiatives. GCC data is also compared against the 2021 census published by the Office for National Statistics.

The graphs below show a snapshot of the GCC workforce demographic (as at July 2025), including headcount by role, gender, age bracket, disability status, ethnicity, sexual orientation, self-identified gender, marital status and religion. Further information can be found on GCC’s website here, [gcc-workforce-edi-report-2025.pdf](#)



## Performance

Despite a continued challenging context, in terms of increasing costs, demand for our services, sufficiency of markets or delivery models and recruitment of some key staff, we are achieving the goals we have set ourselves, and delivering the priorities set out in our Council Strategy 2025-2029, A Stronger Future, Built Together.

### Adult Social Care

Adult Social Care budgets continued to be under pressure in 2025/26 both locally and nationally – as last year, this pressure continues to be impacted by the response to the numbers of discharges from hospital during the fiscal year. Adult Social Care has worked jointly with the Integrated Care Board and NHS providers within the Integrated Care System (ICS) to manage the numbers and flows out of hospital into the most appropriate setting and ultimately home.

There continues to be a growing rise in demand for support from people with increasing complex needs. This is managed through the Adult Transformation Programme (ATP) and involves a range of partnerships, including other public bodies, provider organisations and the voluntary and community sector and supported through our Target Operating Model, which reflects our new way of working and sets out how we deliver all of our care and support services more effectively and sustainably.

The Adult Transformation Programme reflects the scale and pace of change required to ensure we can promote and support people to live independently within the County. Communicating our intentions and listening to the voice of those we support is central to enabling us to effectively do this. Central to the Target Operating Model is the 'Make the Difference' approach, which provides a clear, strengths-based framework for practice. This builds on the three-tier conversation model:

Tier 1: Something for everyone – including access to community grants, digital tools, and local networks that support people to live independently and stay connected.

Tier 2: Short term support for those who need it – including time-limited reablement and short-term support to help people regain/maximise their independence and,

Tier 3: More help for fewer people – tailored, longer-term care and support to meet ongoing need.

We continue to work even more closely with partners, under the ICS, District Councils, provider organisations and the voluntary and community sectors.

Activity has focused on stabilisation, service design and delivery readiness rather than immediate visible change for residents. Key progress includes mobilisation for the return of Mental Health Social Work services in-house, preparation for new Occupational Therapy and Reablement models, and improvements in performance insight and service design capability. These outcomes remain at partial risk due to workforce capacity, data and digital dependencies, and the complexity of system-wide change. However, the essential foundations for service improvement and transformation during 2026 are now largely in place. This will place us in a position of readiness for re-inspection which is expected to take place in the first half of 2026/27.

Improvement has been made in reducing the time people wait at each stage of the customer journey from the time of request to brokering a service for people in need of adult social care support. However, the average wait time is 9 weeks, and available research indicates that this is higher than the current average waiting time across England (7 weeks). This is an ongoing area of focus. Almost 80% of people have also had a timely review of their needs to ensure support remains appropriate and effective.

Progress has been made in strengthening market resilience and supporting carers through continued development of new care homes, enhanced provider oversight, and improved information and advice for carers. Nevertheless, there remains partial risk in achieving our outcomes in this area, reflecting ongoing national workforce shortages, financial pressures in the care market, and reliance on timely delivery of new capacity. Risks are being actively monitored and mitigated through programme management and senior oversight.

### **Public Health and Communities**

During 2024/25, a new provider for the healthy lifestyles contracts was mobilised. Transition was subject to significant problems relating to workforce capacity, impacting the range of services the provider was able to offer, the number of people supported through its programmes and performance outcomes. During 2025/26, we began to see a recovery in performance, with the proportion of customers of the healthy lifestyles programme who saw a significant risk factor reduction increasing from a low of 21% in early 2024/25, to 65% at the end of 2025/26 and is now meeting target.

The proportion of pregnant smokers achieving a 4-week quit remains a challenge, with performance at 53%, down from 57% over the latest two reported quarters and below the target (80%). Performance continues to be impacted by referral quality issues from maternity services. Work is ongoing with the midwifery team to improve referral pathways, alongside planned quality improvement activity.

Substantial advancement has been achieved in developing evidence-based strategies and commissioning future services. Needs assessments for tobacco control, healthy weight, drugs and alcohol, sexual health and deprivation have either been completed or are nearing completion, providing a strong foundation for co-produced action plans. Delivery of new services is progressing largely to plan, including youth vaping support, healthy weight pathways and domestic abuse recommissioning, alongside the successful launch and uptake of the Grassroots Neighbourhood Fund. While a small number of initiatives, such as the Stub It app, are behind schedule, overall momentum remains positive.

### **Children and Young People**

Following a three-week inspection by Ofsted in June 2025, Children's Services were officially judged as 'Good' with 'Outstanding' elements in a report published by Ofsted. This marked an important step in our journey to improve outcomes for our children and young people since the last full inspection in 2022, when services were found to require improvement.

Notable progress includes publication of the Best Start in Life Strategy and Action Plan, establishment of strengthened multi-agency governance through the Children and Young People's Wellbeing Coalition, and continued delivery of ambitious SEND reforms through a dedicated working group. Capital investment in special school places, strong engagement in the Whole School Inclusion Programme, and confirmation of national funding extensions provide a solid foundation for medium-term system improvement. Early implementation activity demonstrates readiness to pivot and respond at pace to evolving national requirements.

In corporate parenting and workforce development, there is tangible evidence of progress including a focus on improving stability, quality and capacity. Ofsted judgements for children's homes and short breaks provision are positive, new supported accommodation and fostering initiatives are progressing, and work is underway to strengthen pathways into education, employment and training for care leavers. Alongside this, the Social Work Academy and Systemic Practice Hub are strengthening professional capability and retention.

The most significant change in performance seen in 2025/26 relates to timeliness of issuing Education Health and Care Plans (EHCPs). This follows investment in remote Educational Psychologists to unblock the assessment pathway. Performance rose throughout the second half of the year from 16% to 69.5%. Further improvement is expected as backlog assessments are addressed.

### **Economy, Environment, and Infrastructure**

Good performance is being reported overall, with 80% of measures better than or near target at the end of 2025/26 reporting year. The five strategic priorities for this area are all on track.

Nearly 69,000 safety repairs were completed in the last 12 months and there has been a 14% increase in demand in 2025/26. Despite increased volumes of work, timeliness of completion for all three categories of defect repair continues to perform above target. Nevertheless, continued good performance in managing maintenance and improving our roads to reduce maintenance requirements will remain a challenge. An additional £5m investment per year for 3 years, totalling £15m, has been agreed which will include initiatives such as:

- Investing over £1 million per year to improve our street scene and find and fix more potholes.
- Invest £500k per year in route treatments on our busiest roads.
- Invest £500k per year alongside our resurfacing programme to tackle those smaller jobs at the same time whenever we're doing large resurfacing schemes.
- Invest £500k per year to raise standards in some communities where it will make the most difference.
- Invest an extra £1 million over 3 years to repair and improve our drainage systems.

Serious incidents on our roads saw a significant rise following the pandemic, setting Gloucestershire apart as an outlier from its peer group comparators. This has subsequently reduced and 2025 saw incidents resulting in death or serious injury settle at a steady level slightly below the long-term quarterly average. Work continues with the aim of reducing this further through the use of average speed cameras, moving traffic enforcement and a reduction to 20 mph speed limits in some areas. This work will be strengthened by the UK's new Road Safety Strategy which was launched in early January 2026. The strategy aims for a 65% reduction in deaths/serious injuries by 2035.

The electric vehicle charge point programme has been an ongoing risk since the programme started, with progress being slow reflecting delivery and resource challenges in the national market. This is largely due to the lack of companies undertaking this work, combined with a large quantity of grant released into the market by the government. Some progress was made during the last quarter of 2025/26, bringing the number of charge points installed to 349, with 284 live. A new contract will be awarded in early 2026/27 which will enable the further delivery of 1,000-1,800 charge points over time.

## **Community Safety**

During 2025/26 GFRS made substantial progress to successfully complete a wide range of improvement activities linked to recommendations made by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) following their most recent inspection. These were subject to rigorous scrutiny and challenge before sign-off and enabled the final 'Cause of Concern' to be discharged and GFRS to be removed from a period of enhanced monitoring by HMICFRS. The Service continues to prepare for the next inspection in early 2026/27.

Community Safety ended 2025/26 in a strong performance position having achieved its Safe and Well visit and Risk Based Inspection Programmes. The Service also met its prevention target throughout the year, around the proportion of S&W visits to people deemed as vulnerable based on increased risk of injury or death.

The average response time to dwelling fires has seen an improving direction of travel over the course of the year, with the average time taken in Quarter 4 being 9 minutes 11 seconds. This is within tolerance of target and is closing the gap with the peer group average (9:04).

Availability of wholetime crew remains at 100%, however, on call first pumps are available around 80% of the time. When comparing day and nighttime availability, on call first pump availability ranges from approximately 70% during the day and 90% at night. When comparing on call stations, the lowest first pump availability can fall as low as 20%. Recruitment and retention of on call firefighters remains a significant challenge for the Service. Mitigation includes strengthening prevention work in areas which are further away from stations or where availability is lower, continuing to look at opportunities for reducing time taken in those areas we are able to influence i.e. call time and turnout time, and considering different crewing options across our response model to best manage availability and risk.

The Fire and Rescue Service continues to perform strongly in delivering its objectives set out in the Council Strategy. The Service is achieving good progress across strategic planning, cultural transformation, productivity, fleet modernisation and digital capability. The Community Risk Management Plan is ready for launch, preparations for inspection are well advanced, and significant investment has been made in new appliances, systems and workforce productivity, supporting both resilience and long-term sustainability.

## Economic Climate

The economic environment has shifted from one of gradual stabilisation to increased uncertainty, characterised by cautious consumer behaviour, constrained business investment and heightened sensitivity to global events. The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. As a result, at the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

## Budget Setting Principles

The below list details 2025/26 budget setting principles, together with an update on the current situation for these key financial decisions:

- Council Tax referendum principle of 3% for 2025/26, with GCC setting a rate of 2.99% for 2025/26 and 2026/27. These principles are confirmed for the multi-year settlement from 2026/27.
- An additional 2% flexibility for Council Tax to fund social care is confirmed for the multi-year settlement.
- One-year roll over settlement for 2025/26 however from 2026/27 the Fair Funding Review (FFR) has been implemented and a multi-year settlement announced.
- The Improved Better Care Grant continued at a cash flat level of £24.7 million and is rolled into Revenue Support Grant (RSG) funding from 2026/27, although remaining an explicit line within the settlement.
- The Adult Social Care grants received in 2025/26 (£66.9m) have all become part of the FFR, so although still named grants for 2025/26, from 2026/27 they form part of RSG.
- The Employers NI grant continued in 2025/26 but becomes part of RSG from 2026/27.
- A Business Rates reset has taken place in 2026/27 leading to lower income from the business rates system as all s31 grants and reliefs have rolled into the FFR.
- As a result of these changes the 2026/27 multi-year settlement has resulted in a lower settlement than expected placing additional pressures on GCC with additional savings being needed.

## Revenue Budget and Outturn Position

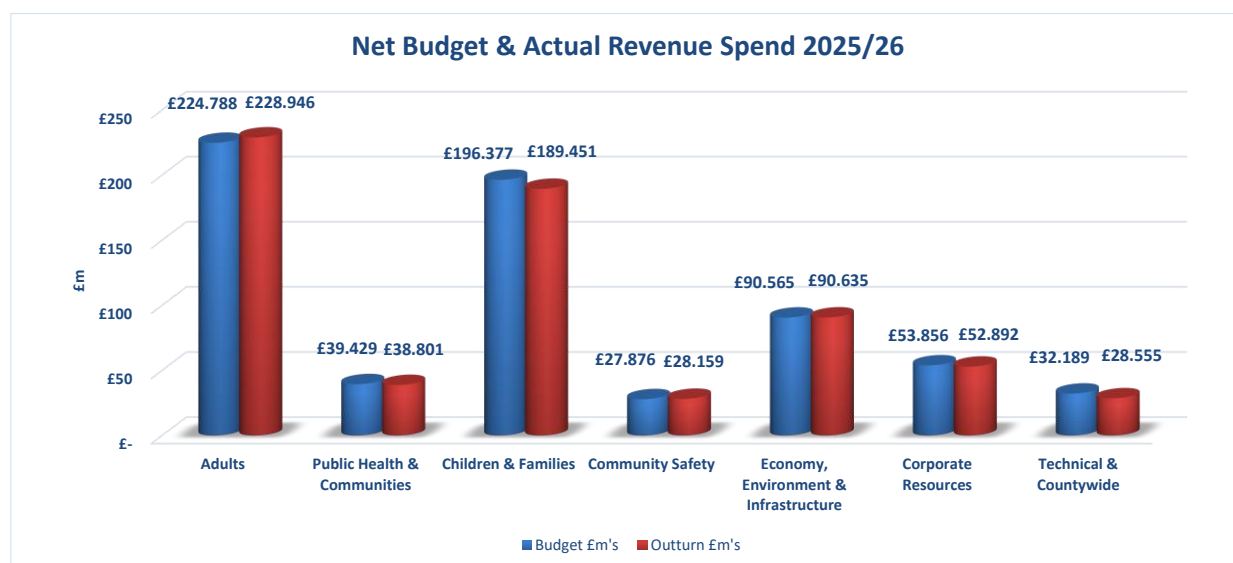
The approved budget for 2025/26 was £665.080 million which represented an increase in cash terms of £48.209 million, compared with the 2024/25 budget (£616.871 million). Under this Budget, Council Tax increased by 2.99% and an additional 2.00% Social Care Precept was applied, taking the overall increase to 4.99%.

The savings programme for 2025/26 had a target of £26.434 million, including £1.943 million of unachieved savings from prior years. The year-end savings achievement is £25.656 million (97.06%).

The revenue budget strategy for 2025/26 was to continue to maximise the delivery of efficiencies whilst protecting front line services. GCC is committed to robustly controlling budgets, repaying external maturing debt, and continuing to streamline back-office services all of which contribute to protecting front line services.

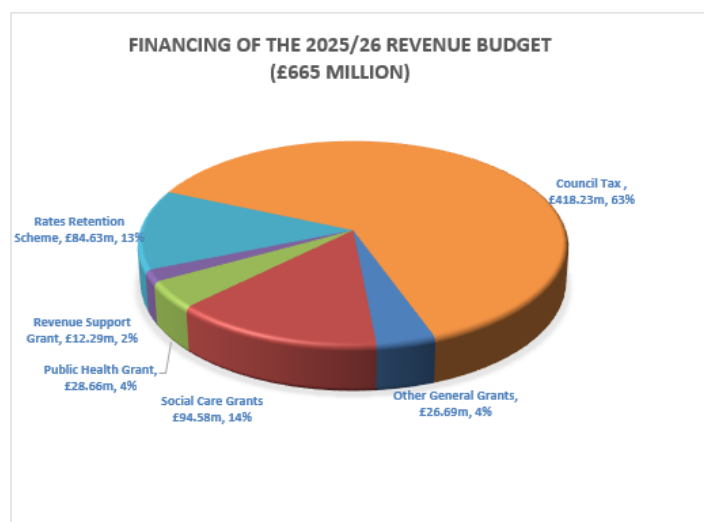
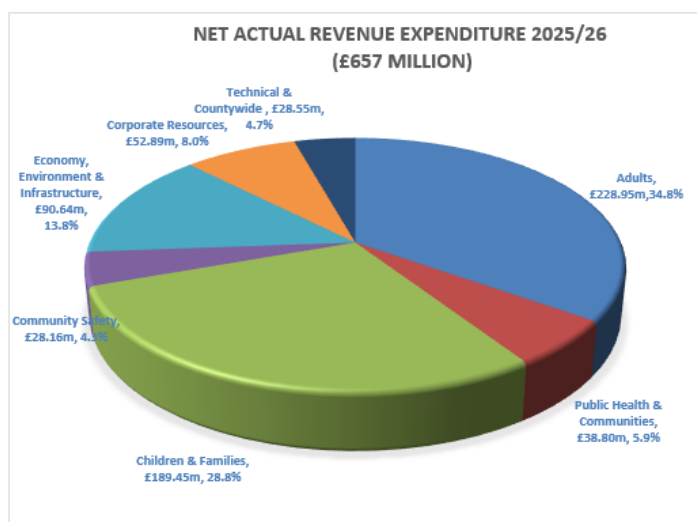
Following approved transfers to and from reserves, as set out in detail in Note 2 to the accounts, the 2025/26 outturn position was an underspend of £7.6 million. Of which, £1.1 million has been transferred into the Local Government (LGR) Reserve, for additional funding to support non-recurrent implementation costs associated with LGR; and the rest to the Risk and Opportunities reserve. The balance of the General Fund reserve is £36.3 million, which exceeds the minimum 5% balance as per GCC's Reserve Strategy.

Net budget and expenditure by service area during 2025/26 is shown in the chart below.



Full details and explanations of the outturn position can be found in the detailed outturn report submitted to Cabinet in June 2026, which is available on GCC's [website](#).

The outturn position for 2025/26 provides a clear indication of GCC's strong financial stewardship during the year. Net actual expenditure by service area is shown in the chart below, together with a chart showing the funding of this net expenditure.



### Usable Revenue Reserves

Usable reserves represent money set aside to fund future expenditure plans or reduce taxation. Full details of all usable reserve movements in 2025/26 are shown in note 2 of the accounts, with the summary position outlined below:

Type of Revenue Reserve	Balance at 1 April 2025	Balance at 31 March 2026
	£'000	£'000
Earmarked Revenue Reserves - Non Schools	135,926	137,954
Earmarked Revenue Reserves - Schools (Excluding DSG Deficit)	23,921	26,860
General Fund Balances	36,836	36,327
LGR Reserve	5,525	8,751
<b>Total Revenue Reserves</b>	<b>202,208</b>	<b>209,892</b>
DSG Deficit Reserve	- 78,537	- 124,718

### Earmarked Revenue Reserves - Non-Schools

Following approved year end transfers non-schools earmarked usable revenue reserves have increased to £137.954 million. Earmarked reserves include grant reserves of £23.151 million which have been carried forward. However, such grants are ring-fenced for a specific purpose and will only be available to use in line with the purpose set for each specific grant.

### Earmarked Reserves – Schools (excluding DSG deficit)

School Balances (excluding DSG deficit) have increased by £2.939 million during the year.

### Dedicated School Grant (DSG)

The statutory reporting requirements for the 2025/26 accounts require the closing deficit balance on High Needs Dedicated Schools Grant to be held within the Dedicated Schools Grant Deficit Reserve. The

existing statutory override relating to High Needs that supports this accounting treatment has now been extended until 31 March 2028.

The Government announced as part of its Budget proposals on 26 November 2025 that it intends to fully fund SEND costs from Central Government budgets from 2028/29. In February 2026, the government announced its approach to support local authorities with DSG deficits. A support grant covering 90% of the deficit is due to come through to local authorities during the 2026/27 financial year; however, the funding allocations are aimed at supporting elimination of deficits held in the current unusable reserve at 31 March 2026. Allocations of the grant will only be paid once a local authority has developed and submitted and had approved a local SEND reform plan, and the exact nature of what the 90% covers is still being determined. As of 31 March 2026, the cumulative DSG deficit for all blocks for GCC is £124.718 million.

### General Fund Reserve

General Reserves have decreased by £509k to £36.327 million. This equates to 5.23% of the 2026/27 net revenue budget and therefore exceeds the 5% minimum threshold as required by GCC’s Reserve Strategy (MTFS document). Exceeding this threshold—not merely meeting it—is the aim, as it provides a stronger financial buffer and enhances GCC’s resilience to unexpected costs or economic uncertainties.

### Capital Reserves

In addition to revenue, usable capital reserves used to support the approved capital programme are as follows:

	<b>Balance 1st April 2025 £'000</b>	<b>Balance 31st March 2026 £'000</b>
<b>Total Capital Reserves</b>	88,394	116,704

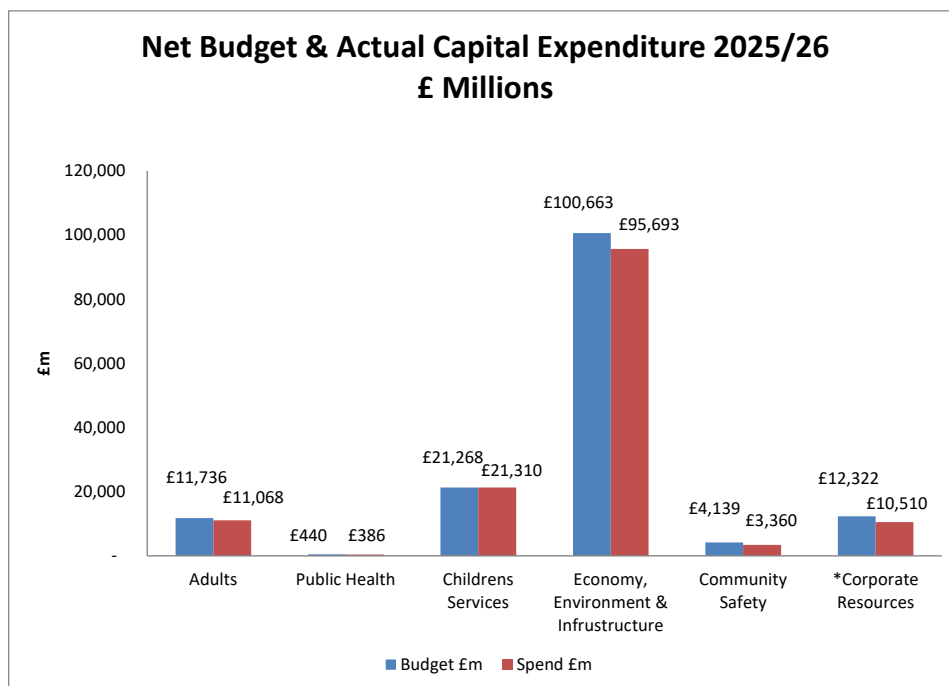
Total capital reserves have increased by £28.3 million during the year. This increase is due to an increased use of Capital Grants & Contributions to fund GCC’s approved capital programme during the year. These reserves are fully committed to fund the current capital programme.

Full details and explanations of all reserve movements can be found in the detailed outturn report submitted to Cabinet in June 2026, which is available on GCC’s website.

### Capital Budget and Outturn Position

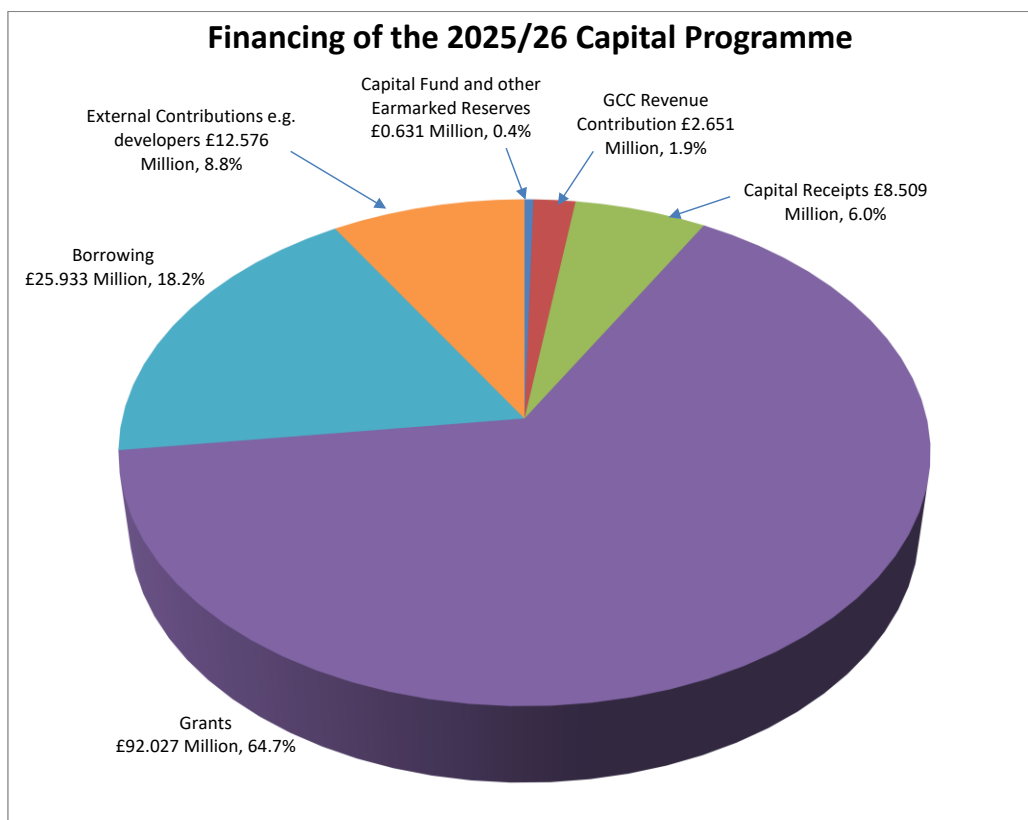
The capital budget strategy reflected GCC’s priority of reducing long term debt by utilising capital receipts, external contributions, capital fund, capital grants and revenue contributions to fund the capital programme for 2025/26, thereby minimising the need for internal borrowing to £25.9 million. The revised capital budget for 2025/26 totalled £150.568 million. Actual expenditure during the year was £142.327 million, giving an in-year under-spend of £8.241 million. This is purely in-year slippage and has not changed the overall value of the capital programme. At the start of the new financial year, and as part of the MTFS process, capital expenditure budgets will be reviewed and reprofiled into future years to reflect both the slippage from outturn and any accelerated spend brought forward. A summary of these movements will be presented for Cabinet approval in September 2026.

Net actual expenditure by service area is shown in the following chart:



\* Corporate Resources also includes costs incurred prior to the sale of assets.

Full details and explanations of the capital outturn position can be found in the detailed outturn report submitted to Cabinet in June 2026, which is available on GCC’s website. GCC’s 2025/26 capital expenditure was funded as follows:



The Government financial regulations require local authorities to charge a Minimum Revenue Provision (MRP) each year as a proxy for capital repayments. For 2025/26 the loans MRP for GCC (excluding any impact from lease liabilities or service concessions) was £10.565 million, an increase of £1.082 million from 2024/25.

Managing debt effectively remains a priority of GCC. The Capital Financing Requirement which represents unfinanced debt outstanding, including other liabilities, totalled £497.898 million at the end of 2025/26, an increase of £13.488 million compared with the position at the end of 2024/25.

## Financial Statements

The objectives of financial statements are to provide information about GCC's financial position, financial performance, and cash flows, and to demonstrate accountability for GCC's resources. GCC produces single entity financial statements, which also include the income, expenditure, assets, liabilities, reserves, and cash flows of the schools deemed to be under the control of GCC. A complete set of Financial Statements for the period comprise:

- Comprehensive Income & Expenditure Statement:
  - shows the true economic accounting cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- Movement in Reserves Statement:
  - shows the movement during the 2025/26 financial year on the different reserves held by GCC, analysed into useable reserves and other unusable reserves:
- Balance Sheet:
  - shows the value of the assets and liabilities recognised by GCC as at 31st March 2026.
- Cash Flow Statement:
  - shows how GCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- Notes to the accounts:
  - which summarise and provide further information on the financial activities of GCC including Accounting Policies.
- Gloucestershire Pension Fund Accounts:
  - although included in this publication, are separate from the accounts of GCC and are subject to a separate audit opinion.
- The accounts of the Fire Pension Fund.

The Deputy Chief Executive and Executive Director of Corporate Resources, as the statutory Chief Financial Officer, is required to certify that the accounts present a true and fair view.

## Future Principal Risks and Uncertainties

At the end of 2025/26, GCC is facing the following risks and financial challenges:

- Rising costs are exceeding the budgets set for 2026/27. This includes a higher-than-expected pay award, increased prices linked to international events, and growing pressures across both capital schemes and revenue services.
- Our balanced budget for 2026/27 and 2027/28 depends on delivering over £55 million of savings. Some of these are organisation wide savings that are not yet allocated to individual services, which creates additional risk.
- The national Fair Funding Review has significantly reduced the amount of funding Gloucestershire receives, meaning we must adapt to a much tighter financial environment.
- Gloucestershire's DSG High Needs block, like most local authorities nationally, is in deficit due to an unfavourable funding formula for Gloucestershire – during 2025/26 the deficit increased to £124.718 million. Central government have announced a grant to cover 90% of the deficit and the condition of receipt of the grant in Autumn 2026 will be dependent on the approval of a SEND reform plan and financial evidence which needs to be completed by June 2026. The potential requirement to fund a residual 10% when the statutory override ends in 2028 remains a significant financial challenge.
- While our reserves are in a reasonable position at the start of 2026/27, we also face one-off costs over the next three years as noted above, we are likely to be required to make a significant local contribution to part of the DSG deficit, and Gloucestershire councils will face significant transition costs as a result of Local Government reorganisation.

By tackling these challenges early, we can build on the solid financial base we already have and manage the impact on our services and our people in a planned and proportionate way. We all have a role to play in this.

## Pension Liabilities

The liability shown in connection with the defined benefit pension schemes is calculated in accordance with the requirements of International Accounting Standard (IAS) 19 and has decreased by £51.903 million from £342.576 million at the start of the year to £290.673 million at the year end.

Alongside actual performance, defined benefit pension schemes are valued using a set of financial and demographic assumptions. Financial assumptions refer to a set of percentage rates that would impact the value of the assets and obligations, for example, the discount rate. This rate is determined by the yield on corporate bonds, and the higher the discount rate, the lower the estimated present value of pensions liabilities. As the corporate bond yield has risen over the period, the discount rate has also increased, leading to a reduction in Employer's obligations and a gain on the balance sheet. Changes in assumptions are shown in full in Note 29.

The use of an 'Asset Ceiling' adjustment has served to reduce the benefit of a net defined benefit asset available to be recognised. Information on the current pension liabilities can be found in Note 29.

## Investment Activity & Borrowing

During 2025/26 treasury management has been conducted according to the Strategy Statement approved by full Council in February 2025. In accordance with this strategy 21 fixed term investments were made during the year, at a value of £126 million. Total interest earned on all investments, including funds and overnight balances was £12.5 million.

Debt redemption remains a priority of GCC with all maturing debt repaid. At 31st March 2026 GCC's

underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £497.898 million, an increase of £13.488 million compared with the position at the end of 2024/25. This increase is because new capital borrowing in year applied to capital financing is held internally, and totalled £25.9 million, offset by the minimum revenue provision for the year and adjustments for deferred liabilities, PFI schemes and Right of Use Assets (ROU) under IFRS16 accounting requirements.

### The Future

- The national Fair Funding Review has reduced GCC's core funding by £60m between 2026/27 and 2028/29 at a time where we face rising demand for services, and inflationary pressures that are being driven upwards by conflict in the Middle East and Gulf. Taken together, these circumstances represent a fundamental shift in our financial baseline.
- There is uncertainty around the process for Government to confirm the DSG High Needs Stability Grant, as well as significant uncertainty about how funding will work in future years. GCC is working to finalise and submit a Local SEND reform plan, to be approved by Department for Education. If successful, the grant will be paid to Authorities in Autumn 2026. GCC will continue to lobby for the whole deficit to be covered.
- GCC is preparing for transition to new unitary arrangements under Local Government Reorganisation and is the Accountable Body for the transition. GCC is working closely with district colleagues to progress this.
- GCC will continue to realign its ongoing MTFS and future spending plans with the GCC Strategy. Considerable uncertainties remain about the level of future funding, the long-term impact of the continuing high rate of inflation, the cost-of-living crisis and future demand for social care. GCC will continue to work to address this uncertainty and ongoing challenges in formulating its MTFS.

### Conclusion

The financial statements continue to reflect GCC's careful management of resources. A reasonable level of reserves has been maintained, in line with the Council's approved Reserve Strategy, leaving GCC in a sound financial position to cope with future challenges and able to meet our liabilities as they fall due.

Further information on the financial statements presented in this document can be obtained from Kathryn Oakey, Chief Accountant (01452 328915), email: [kathryn.oakey@gloucestershire.gov.uk](mailto:kathryn.oakey@gloucestershire.gov.uk).



**Nina Philippidis**  
**Deputy Chief Executive and Executive**  
**Director of Corporate Resources &**  
**Section 151 Officer.**

## **Statement of Responsibilities for the Statement of Accounts**

GCC is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Deputy Chief Executive and Executive Director of Corporate Resources (S151 Officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Deputy Chief Executive and Executive Director of Corporate Resources Responsibilities:

The Deputy Chief Executive and Executive Director of Corporate Resources is responsible for the preparation of GCC's Statement of Accounts in accordance with proper practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Deputy Chief Executive and Executive Director of Corporate Resources has:

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

In preparing the Statement of accounts, the Deputy Chief Executive and Executive and Director of Corporate Resources has also:

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

## **Certification**

I certify that the Statement of Accounts 2025/26 gives a true and fair view of the financial position and Income and Expenditure account of Gloucestershire County Council for the year ended 31st March 2026.

**Nina Philippidis,**  
**Deputy Chief Executive and Executive Director of Corporate Resources (Section 151 Officer)**  
24<sup>th</sup> September 2026

The Audit & Governance Committee of the County Council approved the Statement of Accounts on 24<sup>th</sup> September 2026

Councillor Chloe Turner,  
County Councillor for Minchinhampton Division, Gloucestershire County Council  
24<sup>th</sup> September 2026

**Independent Auditor's Report**

## Financial Statements

### Comprehensive Income and Expenditure Statement

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

31 <sup>st</sup> March 2025				31 <sup>st</sup> March 2026		
Expenditure £'000	Income £'000	Net £'000		Expenditure £'000	Income £'000	Net £'000
372,179	-157,517	214,662	Adults	402,882	-173,599	229,283
46,648	-20,696	25,952	Public Health and Communities *	45,349	-34,076	11,273
656,401	-423,192	233,209	Children & Families	727,758	-465,448	262,310
174,666	-65,167	109,499	Economy, Environment & Infrastructure	175,093	-60,587	114,506
32,183	-5,297	26,886	Community Safety	34,363	-5,218	29,145
77,476	-13,607	63,869	Corporate Resources	82,140	-14,230	67,910
6,484	-3,019	3,465	Technical & Countywide	682	-1,945	-1,263
<b>1,366,037</b>	<b>-688,495</b>	<b>677,542</b>	<b>Cost Of Services</b>	<b>1,468,267</b>	<b>-755,103</b>	<b>713,164</b>
351	-	351	Levies Payable	360	-	360
47,296	-	47,296	Gain(-)/Loss on Disposal of Non Current Assets (Note 37)	-	-249	-249
<b>47,647</b>	<b>-</b>	<b>47,647</b>	<b>Other Operating Expenditure</b>	<b>360</b>	<b>-249</b>	<b>111</b>
25,055	-	25,055	Interest Payable on Debt	25,895	-	25,895
18,328	-	18,328	Net interest on the Net Defined Benefit Liability (Asset)	18,755	-	18,755
-	-1,205	-1,205	Gain (-)or Loss on Pooled Investment Revaluation (Note 13)	-	-923	-923
-	-12,041	-12,041	Investment Interest income	-	-12,549	-12,549
<b>43,383</b>	<b>-13,246</b>	<b>30,137</b>	<b>Financing and Investment Income and Expenditure (Note 22)</b>	<b>44,650</b>	<b>-13,472</b>	<b>31,178</b>
-	-82,482	-82,482	Recognised Capital Grants and Contributions	-	-133,174	-133,174
-	-388,908	-388,908	Council Tax	-	-418,816	-418,816
-	-82,928	-82,928	National Non Domestic Rates	-	-85,010	-85,010
-	-144,284	-144,284	Non Service Related Government Grants *	-	-133,562	-133,562
-	-4,766	-4,766	Fire Pensions Top Up Grant	-	-4,726	-4,726
<b>-</b>	<b>-703,368</b>	<b>-703,368</b>	<b>Taxation and Non-Specific Grant Income</b>	<b>-</b>	<b>-775,288</b>	<b>-775,288</b>
<b>1,457,067</b>	<b>-1,405,109</b>	<b>51,958</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>1,513,277</b>	<b>-1,544,112</b>	<b>-30,835</b>
-	-11,161	-11,161	Revaluation Gains (-) / Losses (Note 13)	-	-31,490	-31,490
1,314	-	1,314	Surplus or Deficit on Revaluation of Financial Instruments (Note 13)	250	-	250
-	-40,173	-40,173	Remeasurement of the Net Defined Benefit Liability (Asset) (Note 13)	-	-33,520	-33,520
<b>1,314</b>	<b>-51,334</b>	<b>-50,020</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>250</b>	<b>-65,010</b>	<b>-64,760</b>
<b>1,458,381</b>	<b>-1,456,443</b>	<b>1,938</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>1,513,527</b>	<b>-1,609,122</b>	<b>-95,595</b>

\* Public Health Grant is now included within service line income for 2025/26

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by GCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The 'Surplus or Deficit (-) on the provision of services' line shows the true economic cost of providing GCC's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance. The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by GCC.

<b>Movement in Reserves 2025/26</b>	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves</b>	<b>Total General Fund</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31st March 2025 carried forward</b>	<b>36,836</b>	<b>165,373</b>	<b>202,209</b>	<b>261</b>	<b>88,133</b>	<b>290,603</b>	<b>854,550</b>	<b>1,145,153</b>
<b>Movement in reserves during 2025/26</b>								
Surplus or Deficit (-) on Provision of Services	30,834	-	30,834	-	-	30,834	-	<b>30,834</b>
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	64,760	<b>64,760</b>
<b>Total Comprehensive Expenditure and Income</b>	<b>30,834</b>	<b>-</b>	<b>30,834</b>	<b>-</b>	<b>-</b>	<b>30,834</b>	<b>64,760</b>	<b>95,594</b>
Adjustments between accounting basis & funding basis under regulations (Note 1)	-23,150	-	-23,150	-260	28,570	5,160	-5,160	-
<b>Net Increase/Decrease before Transfers to Earmarked</b>	<b>7,684</b>	<b>-</b>	<b>7,684</b>	<b>-260</b>	<b>28,570</b>	<b>35,994</b>	<b>59,600</b>	<b>95,594</b>
Transfers to/from Earmarked Reserves	-8192	8192	-	-	-	-	-	-
<b>Increase/Decrease in 2025/26</b>	<b>-508</b>	<b>8,192</b>	<b>7,684</b>	<b>-260</b>	<b>28,570</b>	<b>35,994</b>	<b>59,600</b>	<b>95,594</b>
<b>Balance at 31st March 2026</b>	<b>36,328</b>	<b>173,565</b>	<b>209,893</b>	<b>1</b>	<b>116,703</b>	<b>326,597</b>	<b>914,150</b>	<b>1,240,747</b>

## Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by GCC. The net assets of GCC (assets less liabilities) are matched by the reserves held by GCC. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that GCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that GCC is not able to use to provide services. This category of reserves 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 shown within the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at 31 <sup>st</sup> March 2025 £'000		Notes	As at 31 <sup>st</sup> March 2026 £'000
1,772,777	Property Plant and Equipment	3	1,837,262
1,079	Heritage Assets		1,079
0	Intangible Assets		0
89,894	Long Term Investments	6	86,160
5,113	Long Term Debtors		5,034
<b>1,868,863</b>	<b>Long Term Assets</b>		<b>1,929,535</b>
36,798	Short Term Investments	6	42,164
948	Inventories	7	1,215
103,415	Short Term Debtors	9	120,570
76,300	Cash and Cash Equivalents	10	77,539
<b>217,461</b>	<b>Current Assets</b>		<b>241,488</b>
-44,130	Short Term Borrowing	6	-75,230
-1,634	Other short-term liabilities		-1,089
-150,798	Short Term Creditors & Revenue Receipts in Advance	12	-158,274
-3,193	Short Term Provisions	11	-2,636
-66,692	Capital Grants and Contributions Receipts in Advance	22	-73,073
-9,581	Provision for Accumulated Absences	13	-8,442
<b>-276,028</b>	<b>Current Liabilities</b>		<b>-318,744</b>
-50,589	Deferred Liability	36	-47,780
-2,583	Long Term Provisions	11	-2,129
-184,228	Long Term Borrowing	6	-184,228
-85,167	Other long-term liabilities		-86,722
-342,576	Liability Related to Defined Benefit Pension Scheme	30	-290,673
<b>-665,143</b>	<b>Long Term Liabilities</b>		<b>-611,532</b>
<b>1,145,153</b>	<b>Net Assets</b>		<b>1,240,747</b>
261	Useable Capital Receipts Reserve		1
36,836	General Fund Balance		36,327
253,506	Earmarked Reserves		290,269
<b>290,603</b>	<b>Usable Reserves</b>	2	<b>326,597</b>
<b>854,550</b>	<b>Unusable Reserves</b>	13	<b>914,150</b>
<b>1,145,153</b>	<b>Total Reserves</b>		<b>1,240,747</b>

The unaudited accounts were issued on 25/06/2026 and the audited accounts were authorised for issue on 24/09/2026.

**Nina Philippidis**, Deputy Chief Executive & Executive Director of Corporate Resources (Section 151 Officer),  
24/09/2026

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of GCC during the reporting period. The statement shows how GCC generates and uses cash and cash equivalents 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 the operations of GCC are funded by way of taxation and grant income or from the recipients of services provided by GCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to GCC'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 GCC.

<b>2024/25</b> <b>£'000</b>		<b>2025/26</b> <b>£'000</b>
-51,958	Net Surplus or Deficit (-) on the Provision of Services	30,835
138,816	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements (Note 14)	60,117
-91,791	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities (Note 13)	-141,423
<b>-4,933</b>	<b>Net Cash Flows from Operating Activities</b>	<b>-50,471</b>
38,313	Investing Activities (Note 15)	24,501
-10,372	Financing Activities (Note 16)	27,209
<b>23,008</b>	<b>Net Increase or Decrease (-) in Cash and Cash Equivalents</b>	<b>1,239</b>
53,292	Cash and Cash Equivalents at the beginning of the reporting period	76,300
<b>76,300</b>	<b>Cash and Cash Equivalents at the end of the reporting period (Note 10)</b>	<b>77,539</b>

## **Notes to the Statement of Accounts**

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## 1. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total CIES recognised by GCC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to GCC to meet future capital and revenue expenditure.

	2024/25				2025/26			
	Usable Reserves			Unusable Reserves	Usable Reserves			Unusable Reserves
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable £'000	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable £'000
<b>Adjustments to the revenue resources</b>								
Pensions costs transferred to / from the pensions reserve	8,678	-	-	-8,678	18,383	-	-	-18,383
Deferred premiums and discounts	176	-	-	-176	145	-	-	-145
Pooled investment funds transferred to the pooled investment account	1,205	-	-	-1,205	923	-	-	-923
Council tax and NDR transfers to / from collection fund adjustment account	-751	-	-	751	1008	-	-	-1,008
Holiday pay transferred to / from the accumulated absences reserve	-3,801	-	-	3,801	1,139	-	-	-1,139
Adjustments primarily involving the Dedicated Schools Grant Deficit Reserve	-32,786	-	-	32,786	-46,181	-	-	46,181
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure items:								
Depreciation and revaluation losses (charged to Surplus or Deficit on the Provision of Services) of non-current assets	-86,117	-	-	86,117	-82,216	-	-	82,216
Lifecycle Costs- PFI	1,379	-	-	-1,379	1,338	-	-	-1,338
Write Back of Deferred Income Liabilities	2,485	-	-	-2,485	2,485	-	-	-2,485
Revenue expenditure funded from capital under statute	-17,245	-	-	17,245	-24,058	-	-	24,058
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	-56,645	-	-	56,645	-8,001	-	-	8,001
<b>Total adjustments to revenue resources</b>	<b>-183,422</b>	<b>-</b>	<b>-</b>	<b>183,422</b>	<b>-135,035</b>	<b>-</b>	<b>-</b>	<b>135,035</b>

	2024/25				2025/26			
	Usable Reserves			Unusable Reserves	Usable Reserves			Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Adjustments between revenue and capital resources</b>								
Statutory Provision for the repayment of debt	11,618	-	-	-11,618	13,390	-	-	-13,390
Capital expenditure charged against the General Fund Balance	8,247	-	-	-8,247	3,372	-	-	-3,372
Application of grants and contributions to capital financing transferred to capital adjustment account	-6	-	90,120	-90,120	-	-	104,604	-104,604
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	82,442	-	-82,442	-	133,174	-	-133,174	-
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,349	-9,349	-	-	8,249	-8,249	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>111,650</b>	<b>-9,349</b>	<b>7,678</b>	<b>-109,985</b>	<b>158,185</b>	<b>-8,249</b>	<b>-28,570</b>	<b>-121,366</b>
<b>Adjustments to capital resources</b>								
Use of the Capital Receipts Reserve to finance new capital expenditure	-	9,089	-	-9,089	-	8,509	-	-8,509
<b>Total adjustments to capital resources</b>	<b>-</b>	<b>9,089</b>	<b>-</b>	<b>-9,089</b>	<b>-</b>	<b>8,509</b>	<b>-</b>	<b>-8,509</b>
<b>Total Adjustments</b>	<b>-71,772</b>	<b>-260</b>	<b>7,678</b>	<b>64,348</b>	<b>23,150</b>	<b>260</b>	<b>-28,570</b>	<b>5,160</b>

## 2. Usable Reserves

This note sets out the amounts set aside from the General Fund Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

Earmarked Revenue Reserves	Balance at 31st March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31st March 2025	Transfers Out 2025/26	Transfers In 2025/26	Balance at 31st March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Earmarked - Third Parties Reserves</b>							
Highways Act Commuted Sums Reserves	2,295	-	279	2,574	-436	92	2,230
S256 Funding	26,421	-7,765	5,003	23,659	-1,508	3,312	25,463
Social Economic Development Fund (SEDF)	-	-	-	-	-672	5,040	4,368
<b>Earmarked - Risk Mitigation Reserves</b>							
Adult Care Reserve	11,546	-	-	11,546	-3,366	-	8,180
Council Tax & Business Rates Reserve (previously Business Rates Reserve)	23,653	-6,779	6,249	23,123	-22,944	1,363	1,542
County Elections	378	-	888	1,266	-1,248	-	18
Economic Stimulus Reserve	3,187	-3,479	6,175	5,883	-340	2,330	7,873
Fair Funding Reserve	-	-	-	-	-	6,327	6,327
Fire Joint Training Centre	723	-112	-	611	-108	-	503
Fire PFI Reserve - GRFS	3,827	-696	349	3,480	-419	-	3,061
Insurance Fund	10,997	-3,104	2,658	10,551	-1,821	1,131	9,861
One Programme Reserve	-	-	-	-	-7,974	11,221	3,247
Risk & Opportunities Reserve	-	-	2,500	2,500	-7,458	20,679	15,721
Strategic Waste Reserve	2,602	-15	1,225	3,812	-497	5,613	8,928
<b>Earmarked - Other Reserves</b>							
Capital Fund	5,640	-758	734	5,616	-2,821	395	3,190
Economy, Environment & Infrastructure Reserve	6,635	-4,960	5,433	7,108	-6,067	4,552	5,593
Education Funding Risk Reserve	97	-40	20	77	-19	-	58
Grassroots Neighbourhood Fund (was Growing our Communities Reserve)	-	-	1,100	1,100	-170	-	930
Home to School Transport Reserve	414	-414	-	-	-	125	125
Invest to Save	1,086	-1,000	-	86	-88	88	86
LED Renewables Reserve	361	-	-	361	-361	-	-
LGR & Devolution Reserve	-	-	5,525	5,525	-1,047	4,273	8,751
Other Reserves	345	-	168	513	-	84	597
Public Health	3,807	-	687	4,494	-	903	5,397
Revenue Grant Reserves* See below	13,795	-13,173	22,073	22,695	-2,977	3,433	23,151
Services to Families with Young Children	70	-139	137	68	-16	-	52
Shared Audit Services Reserve	154	-	-	154	-29	110	235
Traded Services Reserve	204	-186	34	52	-12	7	47
Transformation Reserve	6,003	-4,994	3,414	4,423	-5,815	2,500	1,108
Vulnerable Children Reserve	63	-113	225	175	-112	-	63
<b>Total Non School Earmarked Reserves</b>	<b>124,303</b>	<b>-47,727</b>	<b>64,876</b>	<b>141,452</b>	<b>-68,325</b>	<b>73,578</b>	<b>146,705</b>
<b>Schools Related</b>							
School Balances	25,168	-25,237	23,967	23,898	-66	3,028	26,860
Other Schools Related	540	-586	69	23	-89	66	-
<b>Total School Related</b>	<b>25,708</b>	<b>-25,823</b>	<b>24,036</b>	<b>23,921</b>	<b>-155</b>	<b>3,094</b>	<b>26,860</b>
<b>Total Earmarked Revenue Reserves</b>	<b>150,011</b>	<b>-73,550</b>	<b>88,912</b>	<b>165,373</b>	<b>-68,480</b>	<b>76,672</b>	<b>173,565</b>
<b>General Fund Reserve</b>	<b>32,384</b>	<b>-4,734</b>	<b>9,186</b>	<b>36,836</b>	<b>-1,174</b>	<b>665</b>	<b>36,327</b>
<b>Total Revenue Reserves</b>	<b>182,395</b>	<b>-78,284</b>	<b>98,098</b>	<b>202,209</b>	<b>-69,654</b>	<b>77,337</b>	<b>209,892</b>
<b>Earmarked Capital Reserves</b>							
	Balance at 31st March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31st March 2025	Transfers Out 2025/26	Transfers In 2025/26	Balance at 31st March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Grants & Contributions Unapplied Reserve	95,811	-90,121	82,443	88,133	-117,373	145,943	116,703
Useable Capital Receipts Reserve	1	-9,348	9,608	261	-8,583	8,323	1
<b>Total Capital Reserves</b>	<b>95,812</b>	<b>-99,469</b>	<b>92,051</b>	<b>88,394</b>	<b>-125,956</b>	<b>154,266</b>	<b>116,704</b>
<b>Total Useable Reserves</b>	<b>278,207</b>	<b>-177,753</b>	<b>190,149</b>	<b>290,603</b>	<b>-195,610</b>	<b>231,603</b>	<b>326,596</b>

*Summary of Revenue Grants and Contributions Reserves	Balance at 31st March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31st March 2025	Transfers Out 2025/26	Transfers In 2025/26	Balance at 31st March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BSIP Grant	-	-	-	0	-	2,891	2,891
Covid COMF	1,202	-1,202	-	0	-	-	0
Covid NNDR Small Business Relief S31 Grant	283	-	-	283	-	-	283
Covid- S31 General Funding	1,369	-1,376	837	830	-	-	830
Covid- Track & Trace Grant Funding	252	-247	-	5	-4	-	1
Domestic Abuse Duty Grant	-	-	2,233	2,233	-	-	2,233
Home For Ukraine Grant	-	-	9,799	9,799	-1,091	-	8,708
Improved Better Care Fund Grant	1,878	-462	-	1,416	-77	-	1,339
Troubled Families Grant	2,572	-2,572	2,845	2,845	-	-	2,845
Various Miscellaneous Specific Service Grants	6,239	-6,852	5,897	5,284	-1,805	542	4,021
<b>Total Revenue Grants and Contributions Reserve</b>	<b>13,795</b>	<b>-12,711</b>	<b>21,611</b>	<b>22,695</b>	<b>-2,977</b>	<b>3,433</b>	<b>23,151</b>

## Reserve Description

<b><u>Earmarked - Third Parties Reserves</u></b>	
Highways Act Commuted Sums Reserves	Monies held to support costs of future highways maintenance.
S256 Funding	Balances held through funding agreements with Health/ICB
Social Economic Development Fund (SEDF)	The reserve holds money on behalf of the Strategic Economic Development Fund for joint projects across Gloucestershire
<b><u>Earmarked - Risk Mitigation Reserves</u></b>	
Adult Care Reserve	This reserve provides funding to mitigate demand risk in Adult Social Care, given the continuing concern about the volatility in demand and the pressure across the health and social care economy.
Council Tax & Business Rates Reserve (previously Business Rates Reserve)	This reserve was established to manage fluctuations in Business Rates and Council Tax
County Elections	This reserve is to smooth the cost of funding GCC elections.
Economic Stimulus Reserve	Money set aside to help with economic projects.
Fair Funding Reserve	Money to offset the cuts as a result of the financial settlement changes
Fire Joint Training Centre	This is a smoothing reserve relating to the full life contract for the Fire Training Centre.
Fire PFI Reserve - GRFS	This is a smoothing reserve relating to the full life contract for the Fire Stations PFI.
Insurance Fund	Levels are based on external professional actuarial review and advice to mitigate GCC's insurance liability.
One Programme Reserve	Money to cover the costs of the One Programme migraton
Risk & Opportunities Reserve	To cover both Cabinet and Officer proposals, new administration priorities and to fund in year pressures
Strategic Waste Reserve	This is a smoothing reserve relating to the full contract life of the Energy from Waste project.
<b><u>Earmarked - Other Reserves</u></b>	
Capital Fund	This reserve is used for capital financing and is fully committed to fund schemes approved under GCC's Capital Programme.
Economy, Environment & Infrastructure Reserve	Reserve has been established to carry forward specific budget under spends.
Education Funding Risk Reserve	This reserve was established to smooth the impact from schools becoming academies.
Grassroots Neighbourhood Fund (was Growing our Communities Reserve)	This fund holds money for Member spending on community projects.
Home to School Transport Reserve	This reserve is to smooth the impact changes in schools days year to year on home to school transport.
LGR & Devolution Reserve	Local Government Reorganisation and Devolution budget support
Other Reserves	A number of small miscellaneous reserves e.g.: Minerals & Local Waste; disputed capital receipts.
Public Health	Ring fenced grant reserve was established in accordance with national grant conditions to carry forward any unspent balances from the annual grant received from Government.
Revenue Grant Reserves	A technical reserve for specific unapplied revenue grants and contributions, where conditions related to the monies have been met but expenditure has not been incurred. The monies remained ring fenced and fully committed.
Services to Families with Young Children	This reserve offsets demand pressures.
Shared Audit Services Reserve	This reserve was established to hold specific reserves held under the Shared Audit Services
Traded Services Reserve	This reserve was established to mitigate against any loss in traded income and invest in services to generate more traded income.
Transformation Reserve	This reserve funds the transformation required for GCC to make sustainable savings.
Vulnerable Children Reserve	The reserve offsets demand-led pressures in Children's Services.
Capital Receipts Reserve	This reserve reflects unapplied capital receipts, which are fully committed to funding the approved capital programme.
Capital Grant & Contributions	This technical reserve for unspent capital grants and contributions, which are fully committed to funding the capital programme

### 3. Non-current Assets

2024/25	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Right of Use Assets	Total Property, Plant & Equipment	PFI & PPP Assets included in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross book value at 31<sup>st</sup> March 2024</b>	<b>1,013,168</b>	<b>181,257</b>	<b>13,435</b>	<b>34,668</b>	<b>-</b>	<b>1,242,528</b>	<b>226,202</b>
IFRS16 Lease Transition	85	-4,800	0	0	441	-4,274	-4,715
<b>Revised Gross book value at 31<sup>st</sup> March 2024</b>	<b>1,013,253</b>	<b>176,457</b>	<b>13,435</b>	<b>34,668</b>	<b>441</b>	<b>1,238,254</b>	<b>221,487</b>
Additions	15,098	8,725	239	2,392	-	26,454	1,379
Revaluation inc/dec recognised in Revaluation Reserve	-6,016	-6,080	-393	-	-	-12,489	-8,771
Revaluation inc/dec recognised in Surplus on the Provision of Services	-10,091	-	977	-	-	-9,114	-
Derecognition – Disposals	-52,180	-7,934	-5,586	-	-	-65,700	-
Asset Reclassification and Transfers	34,666	-	-	-34,666	-	-	-
Other movements in cost or valuation	-295	-	-	-	-	-295	-
<b>Gross book value at 31<sup>st</sup> March 2025</b>	<b>994,435</b>	<b>171,168</b>	<b>8,672</b>	<b>2,394</b>	<b>441</b>	<b>1,177,110</b>	<b>214,095</b>
<b>Accumulated Depreciation &amp; Impairment as at 31<sup>st</sup> March 2024</b>	<b>-7,080</b>	<b>-27,374</b>	<b>-109</b>	<b>-</b>	<b>-</b>	<b>-34,563</b>	<b>-2,629</b>
Depreciation charge in year	-26,374	-13,572	-	-	-39	-39,985	-11,654
Depreciation written out to Revaluation Reserve	16,807	6,735	109	-	-	23,651	14,283
Depreciation written out to Surplus/Deficit on the Provision of Services	835	-	-	-	-	835	-
Derecognition – Disposals	1,123	7,932	-	-	-	9,055	-
Asset Reclassification and Transfers	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
<b>Accumulated Depreciation &amp; Impairment at 31<sup>st</sup> March 2025</b>	<b>-14,689</b>	<b>-26,279</b>	<b>0</b>	<b>-</b>	<b>-39</b>	<b>-41,007</b>	<b>0</b>
<b>Net book value at 31<sup>st</sup> March 2025</b>	<b>979,746</b>	<b>144,889</b>	<b>8,672</b>	<b>2,394</b>	<b>402</b>	<b>1,136,103</b>	<b>214,095</b>

2025/26	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Right of Use Assets	Total Property, Plant & Equipment	PFI & PPP Assets included in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross book value at 31<sup>st</sup> March 2025</b>	<b>994,435</b>	<b>171,168</b>	<b>8,672</b>	<b>2,394</b>	<b>441</b>	<b>1,177,110</b>	<b>214,095</b>
Additions	8,032	9,240	-	6,807	3,657	27,736	1,338
Revaluation inc/dec recognised in Revaluation Reserve	-13,731	6,458	-586	-640	-	-8,499	8,222
Revaluation inc/dec recognised in Surplus on the Provision of Services	-5,576	-	-	-2,199	-	-7,775	-
Derecognition – Disposals	-2,216	-12,685	-5,842	-	-	-20,743	-
Asset Reclassification and Transfers	-5,139	1,977	523	2,203	-	-436	-
Other movements in cost or valuation	-157	-	-	-	-	-157	-
<b>Gross book value at 31<sup>st</sup> March 2026</b>	<b>975,648</b>	<b>176,158</b>	<b>2,767</b>	<b>8,565</b>	<b>4,098</b>	<b>1,167,236</b>	<b>223,655</b>
<b>Accumulated Depreciation &amp; Impairment as at 31<sup>st</sup> March 2025</b>	<b>-14,689</b>	<b>-26,279</b>	<b>-</b>	<b>-</b>	<b>-39</b>	<b>-41,007</b>	<b>0</b>
Depreciation charge in year	-25,875	-12,075	-	-	-329	-38,279	-12,082
Depreciation written out to Revaluation Reserve	38,996	6,861	107	101	-	46,065	12,082
Depreciation written out to Surplus/Deficit on the Provision of	1,183	-	-	-	-	1,183	-
Derecognition – Disposals	93	12,649	-	-	-	12,742	-
Asset Reclassification and Transfers	256	-	-107	-115	-	34	-
Other movements in depreciation and impairment	36	-	-	-	-	36	-
<b>Accumulated Depreciation &amp; Impairment at 31<sup>st</sup> March 2026</b>	<b>0</b>	<b>-18,844</b>	<b>-</b>	<b>-14</b>	<b>-368</b>	<b>-19,226</b>	<b>-</b>
<b>Net book value at 31<sup>st</sup> March 2026</b>	<b>975,648</b>	<b>157,314</b>	<b>2,767</b>	<b>8,551</b>	<b>3,730</b>	<b>1,148,010</b>	<b>223,655</b>

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

Infrastructure Assets	2024/25	2025/26
	£'000	£'000
<b>Opening Net book value</b>	<b>584,577</b>	<b>636,673</b>
Additions	89,561	92,140
Depreciation charge in year	-37,465	-39,561
Asset Reclassification and Transfers	-	-
<b>Closing Net book value</b>	<b>636,673</b>	<b>689,252</b>

Total Property Plant & Equipment reported on Balance Sheet	2024/25	2025/26
	£'000	£'000
Land & Buildings; Vehicle, Plant, Furniture & Equipment; Surplus and Asset Under Construction	1,136,104	1,148,010
Infrastructure Assets	636,673	689,252
<b>Non-current Assets - Net book value</b>	<b>1,772,777</b>	<b>1,837,262</b>

## Non-Current Asset Valuations

### Right Of Use Assets

For leases previously classified as operating leases, the lease cost changes from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and an interest expense on the lease liability.

### Land and Property

Revaluations are undertaken on a four-year rolling programme, with annual indexation applied to assets during the intervening years. 2025/26 is an intervening year and the revaluations are due to the appropriate indexations being applied for each valuation basis. This ensures all assets are revalued at least every 5 years, meeting the CIPFA Code requirements. This rolling programme will be kept under review to ensure it remains appropriate.

Operational land and property are held on the basis of existing use value or, where this cannot be assessed because there is no market, at depreciated replacement cost. With the exception of schools which are on a Modern Equivalent Asset basis, this valuation approach reflects the demand for space based on the number of children on roll.

Land and Property Asset Value by Valuation Basis	2025/2026
	£'000
Existing Use Value (EUV)	11,494
Depreciated Replacement Cost (DRC)	614,716
Modern Equivalent Asset (MEA)	440,478
Fair Value (FV)	1,522
Term & Reversion (T&R)	35,395
Market Value (MV)	3,033
<b>Total Land and Property Assets</b>	<b>1,106,638</b>

### **Fair Value- Surplus Assets**

Non-operational land and property are included on the basis of IFRS 13 Fair Value, except assets under construction which are included on the basis of capital expenditure incurred by 31st March 2026. The valuations have been undertaken through a combination of the Council's internal valuers and where necessary, external valuers, all of which are RICS qualified, consistent with the current accounting policy.

All of GCC's surplus assets have been assessed as Level 3 for valuation purposes using the following fair value hierarchy:

- Level 1 - Fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2 - Fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 - Fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness and calculated at highest and best use.

### **Vehicles, Plant, Furniture and Equipment**

Vehicles, plant, furniture and equipment are included at historical cost, less accumulated depreciation. Furniture and equipment charged to the capital account is included at historical cost and depreciated over the expected life. The exception is the Energy from Waste Plant, which is treated the same as Land and Property and revalued each year due to its materiality.

### **Infrastructure Assets**

These assets, consisting of roads, bridges, street lighting, footpaths and footbridges, are included on the basis of historical costs incurred since 1st April 1974. These assets are depreciated over periods in accordance with the anticipated life of the various types of infrastructure.

### **Donated Assets**

Donated assets are defined as assets transferred at nil value or acquired at less than fair value.

#### 4. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to GCC (i.e. 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 in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between GCC's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2024/25			Expenditure and Funding Analysis, Service area	2025/26		
Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES		Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
216,965	-2,303	214,662	Adults	234,405	-5,122	229,283
25,952	-	25,952	Public Health & Communities	11,532	-258	11,273
202,761	30,448	233,209	Children & Families	216,905	45,405	262,310
124,972	-15,473	109,499	Economy, Environment & Infrastructure	121,342	-6,835	114,506
28,232	-1,346	26,886	Community Safety	38,846	-9,701	29,145
64,014	-145	63,869	Corporate Resources	69,226	-1,316	67,910
-73,193	76,659	3,465	Technical & Countywide	-71,615	70,352	-1,263
<b>589,703</b>	<b>87,840</b>	<b>677,542</b>	<b>Net cost of Services</b>	<b>620,641</b>	<b>92,525</b>	<b>713,164</b>
-611,157	-14,427	-625,584	Other income and expenditure	-628,324	-115,675	-743,999
<b>-21,454</b>	<b>73,413</b>	<b>51,958</b>	<b>(Surplus) or Deficit</b>	<b>-7,683</b>	<b>-23,150</b>	<b>-30,835</b>
		<b>182,394</b>	<b>Opening General Fund Balance 1st April</b>	<b>202,209</b> *		
		21,454	Surplus/(deficit) on General Fund	7,683		
		<b>203,848</b>	<b>Closing General Fund Balance 31st March</b>	<b>209,892</b>		

\* The opening position from 2024/25 has been restated to match the balances reported in note 2

2024/25				Expenditure and Funding Analysis, Service area	2025/26			
Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments		Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-3	-2,301	-	-2,304	Adults	-983	-4,139	-	-5,122
-	-	-	0	Public Health & Communities	-2	-256	-	-258
-1,222	-1,116	32,786	30,448	Children & Families	-776	-	46,181	45,405
-7,900	-7,573	-	-15,473	Economy, Environment & Infrastructure	-4,695	-2,141	-	-6,836
-1,229	-117	-	-1,346	Community Safety	-1,454	-8,247	-	-9,701
-145	-	-	-145	Corporate Resources	-1,315	-	-	-1,315
90,138	-15,900	2,421	76,659	Technical & Countywide	94,915	-22,356	-2,207	70,352
<b>79,639</b>	<b>-27,007</b>	<b>35,207</b>	<b>87,839</b>	<b>Net Cost of Services</b>	<b>85,690</b>	<b>-37,139</b>	<b>43,974</b>	<b>92,525</b>
-30,799	18,328	-1,955	-14,426	<b>Other income and expenditure from the funding analysis</b>	-133,422	18,755	-1,008	<b>-115,675</b>
48,840	-8,679	33,252	<b>73,413</b>	<b>Difference between GF Surplus/Deficit and CIES Surplus/Deficit</b>	<b>-47,732</b>	<b>-18,384</b>	<b>42,966</b>	<b>-23,150</b>

- **Note i Adjustments for Capital Purposes**

This column adds in depreciation, impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on the disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from that receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

- **Note ii Net Change for the Pensions Adjustments**

Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by GCC as allowed by statute and the replacement with current service costs and past service costs. For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

- **Note iii Other Differences**

Between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other differences column recognises adjustments to the general fund for the timing differences for premiums and discounts. The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.

## 5. Analysis of Income and Expenditure by Nature

	2024/25	2025/26
	£'000	£'000
Fees, Charges & Other Service Income	-261,930	-248,270
Interest and Investment Income	-12,041	-12,549
Valuation Gain on Financial Instruments	-1,205	-923
Income from Council Tax and Business Rates	-471,836	-503,827
Government Grants and Contributions	-570,848	-640,148
Capital Grants and Contributions	-82,482	-133,174
Fire Pensions Top Up Grant	-4,767	-4,726
Gain on disposal of fixed Assets	-	-249
<b>Total Income</b>	<b>-1,405,109</b>	<b>-1,543,866</b>
Employee Expenses	443,655	484,775
Other Service Expenses	837,699	881,143
Depreciation, Amortisation and Impairment	86,117	78,405
Revenue expenditure funded from capital under statute	17,245	24,058
Interest Payments	25,055	44,650
Loss on the disposal of fixed assets	47,296	-
<b>Total Operating Expenses</b>	<b>1,457,067</b>	<b>1,513,031</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>51,958</b>	<b>-30,835</b>

A segmental analysis of fees, charges and other service income is shown in the following table.

Revenues From External Customers	2024/25	2025/26
	£'000	£'000
Adults	-49,904	-57,016
Public Health & Communities	-461	-920
Children & Families	-10,422	-9,748
Economy, Environment & Infrastructure	-54,152	-42,032
Community Safety	-366	-920
Corporate Resources	-12,392	-696
Technical & Countywide	-79	-38
<b>Total Revenue from External Customers</b>	<b>-127,776</b>	<b>-111,370</b>

## 6. Financial Instruments

### Fair Values of Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March, using the following methods and assumptions:

- Loans borrowed by GCC have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- No early repayment or impairment is recognised for any financial instrument.

- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

Fair Values are shown in the tables below, split by the level in the fair value hierarchy:

- Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 - fair value is calculated from inputs that are observable for the asset or liability, other than quoted prices in active markets, e.g. interest rates or yields for similar instruments, or quoted prices in inactive markets
- Level 3 - fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

### Fair Values of Assets and Liabilities

	Fair Value Level	31st March 2025		31st March 2026	
		Fair Value	Balance Sheet	Fair Value	Balance Sheet
		£'000	£'000	£'000	£'000
<b>Financial liabilities held at amortised cost:</b>					
Loans from PWLB	2	160,775	185,640	159,836	185,640
Non PWLB loans	2	45,639	42,717	75,424	73,818
<b>Total Financial Liabilities held at amortised cost</b>		<b>206,414</b>	<b>228,357</b>	<b>235,260</b>	<b>259,458</b>
Liabilities for which fair value is not disclosed *			293,965		307,072
<b>Total Financial Liabilities</b>			<b>522,322</b>		<b>566,530</b>

	31st March	31st March
	2025	2026
	£'000	£'000
Recorded on the balance sheet as:		
Short term creditors**	150,798	158,274
Short term borrowing	44,130	75,230
Other short term liabilities***	1,634	1,089
Short term provisions	12,774	11,078
Deferred liabilities	50,589	47,780
Long term borrowing	184,228	184,228
Long term provisions	2,583	2,129
Other long term liabilities***	85,167	86,722
<b>Total Financial Liabilities</b>	<b>531,903</b>	<b>566,530</b>

Notes:

\* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount. Fair values are not disclosed for lease and PFI liabilities.

\*\* The creditors lines on the Balance Sheet include £42.9m creditors (£61.4m in 2024/25) that do not meet the definition of a financial liability as they relate to non-exchange transactions or receipts in advance.

The fairvalue of financial liabilities held at amortised cost is lower than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

	Fair Value Level	31 <sup>st</sup> March 2025		31 <sup>st</sup> March 2026	
		Fair Value	Balance Sheet	Fair Value	Balance Sheet
<b>Financial assets held at amortised cost:</b>		£'000	£'000	£'000	£'000
Bank/other deposits	2	0	0	0	0
Loans to local authorities	2	40,986	40,631	41,615	41,645
Cash in Hand		18,300	18,300	27,539	27,539
<b>Total Financial Assets held at Amortised Cost</b>		<b>59,286</b>	<b>58,931</b>	<b>69,154</b>	<b>69,184</b>
<b>Financial assets held at fair value</b>					
Money market funds	1		53,162		50,113
Equities & Property Funds FVP&L	1		87,448		83,328
Equities & Property Funds FVOCI	1		3,450		3,238
<b>Total Financial Assets held at Fair Value</b>			<b>144,060</b>		<b>136,679</b>
Assets for which fair value is not disclosed *			108,528		125,604
<b>Total Financial Assets</b>			<b>311,519</b>		<b>331,467</b>

Investment Classification:	31 <sup>st</sup> March 2025			31 <sup>st</sup> March 2026		
	Held at FV	Held at AC	Total	Held at FV	Held at AC	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Cash & Cash Equivalent	53,000	23,300	76,300	50,000	27,539	77,539
Short Term	1,167	35,632	36,799	10,519	31,645	42,164
Long Term	89,894	0	89,894	86,160	0	86,160
Assets for which FV is not disclosed	-	108,528	108,528	-	125,604	125,604
<b>Total Financial Assets</b>	<b>144,061</b>	<b>167,460</b>	<b>311,521</b>	<b>146,679</b>	<b>184,788</b>	<b>331,467</b>

	31 <sup>st</sup> March	31 <sup>st</sup> March
	2025	2026
	£'000	£'000
Recorded on the balance sheet as:-		
Long-term debtors	5,113	5,034
Long-term investments	89,894	86,160
Short-term debtors**	103,415	120,570
Short-term investments	36,798	42,164
Cash and cash equivalents	76,300	77,539
<b>Total Financial Assets</b>	<b>311,520</b>	<b>331,467</b>

Notes:

\* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

\*\* The debtors lines on the Balance Sheet include £60.4m debtors (£51.1m in 2024/25) that do not meet the definition of a financial asset as they relate to non-exchange transactions or payments in advance.

The fair value of financial assets held at amortised cost is similar to their balance sheet carrying amount because the interest rate on similar investments is now similar to that obtained when the investment was originally made.

The Council holds shares costing £1 in Ubico Ltd. The fair value of the council's interest in the company at 31st March is considered to be nil, since it is a wholly local authority owned not-for-profit 'Teckal' company. As a 'Teckal' company it is treated as if it were an in-house department and the shareholder councils are able to enter into service contracts with the company without undertaking an EU compliant procurement process. Further details can be found in note 17.

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long Term		Short Term	
	31.03.25	31.03.26	31.03.25	31.03.26
	£'000	£'000	£'000	£'000
<b>Loans at amortised cost:</b>				
Principal sum borrowed	184,228	184,228	42,050	72,050
Accrued interest	-	-	2,080	3,180
<b>Total Borrowing</b>	<b>184,228</b>	<b>184,228</b>	<b>44,130</b>	<b>75,230</b>
<b>Liabilities at amortised cost:</b>				
Finance leases	71,460	70,690	590	609
PFI / ROU arrangements	13,706	16,033	1,043	480
<b>Total Other Liabilities</b>	<b>85,166</b>	<b>86,723</b>	<b>1,633</b>	<b>1,089</b>
<b>Liabilities at amortised cost:</b>				
Trade Payables	-	-	89,678	84,573
<b>Included in Creditors</b>	<b>-</b>	<b>-</b>	<b>89,678</b>	<b>84,573</b>
<b>Total Financial Liabilities</b>	<b>269,394</b>	<b>270,951</b>	<b>135,441</b>	<b>160,892</b>

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long Term		Short Term	
	31.03.25	31.03.26	31.03.25	31.03.26
	£'000	£'000	£'000	£'000
<b>At amortised cost:</b>				
Principal	-	10,000	35,000	31,000
Accrued interest	-	-	631	644
<b>At FV through OCI:</b>				
Equity Instruments elected FVOCI	3,450	3,200	-	38
<b>At FV through P&amp;L:</b>				
Fair Value	86,444	72,960	1,167	10,482
<b>Total Investments</b>	<b>95,003</b>	<b>86,160</b>	<b>36,798</b>	<b>42,164</b>
<b>At amortised cost:</b>				
Principal	-	-	5,000	-
Accrued interest	-	-	-	-
<b>At FV through P&amp;L:</b>				
Fair Value	-	-	53,000	50,000
<b>Total Cash &amp; Cash Equivalents</b>			<b>58,000</b>	<b>50,000</b>
<b>At amortised cost:</b>				
Trade receivables	-	-	48,685	43,699
<b>Included in Debtors</b>	<b>-</b>	<b>-</b>	<b>48,685</b>	<b>43,699</b>
<b>Total Financial Assets</b>	<b>95,003</b>	<b>86,160</b>	<b>143,483</b>	<b>135,863</b>

#### Equity Instruments Elected to Fair Value through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

	Fair Value		Dividends	
	31.03.25	31.03.26	31.03.25	31.03.26
	£'000	£'000	£'000	£'000
<b>Fundamentum REIT</b>	<b>3,450</b>	<b>3,200</b>	<b>150</b>	<b>150</b>

## Expense, Income, Gains and Losses

Financial instruments include bank deposits, investments, debtors (excluding statutory debtors and prepayments), long-term debtors (excluding lifecycle prepayments), creditors (excluding statutory creditors), borrowings, finance leases and the finance liability element of service concession arrangements. The Code requires financial instruments to be classified into defined categories of assets and liabilities. These are explained in the Summary of Significant Accounting Policies in Note 1. The income, expenses, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows.

	2024/25					2025/26				
	Financial Liabilities:	Financial Assets:				Financial Liabilities:	Financial Assets:			
	Amortised Cost	Amortised Cost	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Total	Amortised Cost	Amortised Cost	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	25,055	-	-	-	25,055	25,895	-	-	-	25,895
<b>Interest payable and similar changes</b>	<b>25,055</b>	-	-	-	<b>25,055</b>	<b>25,895</b>	-	-	-	<b>25,895</b>
Interest and dividend income	-	-4,284	-7,607	-150	-12,041	-	-3,281	-8,195	-150	-11,626
Gains (-) / loss from changes in fair value	-	-	-1,205	-	-1,205	-	-	-923	-	-923
<b>Interest and investment income</b>	<b>-</b>	<b>-4,284</b>	<b>-8,812</b>	<b>-150</b>	<b>-13,246</b>	<b>-</b>	<b>-3,281</b>	<b>-9,118</b>	<b>-150</b>	<b>-12,549</b>
Gain (-) / Loss on revaluation	-	-	-	1,314	1,314	-	-	-	250	250
<b>Impact on Other CIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,314</b>	<b>1,314</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>250</b>
<b>Net gain (-) / loss for the year</b>	<b>25,055</b>	<b>-4,284</b>	<b>-8,812</b>	<b>1,164</b>	<b>13,123</b>	<b>25,895</b>	<b>-3,281</b>	<b>-9,118</b>	<b>100</b>	<b>13,596</b>

## Soft Loans

GCC held a short-term loan receivable of £670k at 31 March 2026 arising from funding advanced in-year to a Multi Academy Trust. The balance is included within debtors and is repayable within three months of the reporting date and is considered to have low credit risk. Given the short-term nature of the arrangement and the immaterial impact of discounting, the loan has been recognised at its nominal value.

At 31 March 2026, GCC had a £1.1 million loan receivable from the Order of St John, with no interest payable, included within debtor balances. The process of repayment has now started and GCC does not consider that a material impairment loss is required. Given the short-term nature of the arrangement and the immaterial impact of discounting, the loan has been recognised at its nominal value.

## 7. Inventories

The below tables show the amounts of unused or unconsumed stocks held in expectation of future use.

	2024/25 £'000	2025/26 £'000
Balance outstanding at start of the year	779	948
Purchases	2,015	3,221
Stock used within the year	-1,846	-2,954
<b>Balance at 31st March</b>	<b>948</b>	<b>1,215</b>

## 8. Contractual Capital Commitments

A contractual capital commitment is where a significant new contract has been agreed during the financial year where a legal agreement has been entered into and cannot easily be backed out of. GCC has a policy that a significant contract value would be £3m or above.

The following contracts have been signed during 2025/26:

- Southfields Accommodation Refurbishment - Barnwood Construction £3.2 million
- New MALD School, The Wheatridge - EG Carter £17.207 million
- A435 Cycleway Section 2.2 - Montel Civil Engineering Ltd £3.166 million

## 9. Debtors

	2024/25 £'000	2025/26 £'000
Central Government Bodies	23,386	26,508
Other Local Authorities	25,306	27,386
NHS Bodies	8,470	14,187
Public Corporations and Trading Funds	661	342
Other Entities and Individuals	45,592	52,147
<b>Balance at 31<sup>st</sup> March</b>	<b>103,415</b>	<b>120,570</b>

Note, the 2025/26 total includes £8,995k of Payments in Advance (£10,214k 2024/25) mainly classified within Other Entities and Individuals

## 10. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	2024/25	2025/26
	£'000	£'000
Cash held by the Council, including schools	18,300	27,539
Cash held in call/money market accounts with same day access	53,000	50,000
Cash Equivalents - investments maturing within 3 months of acquisition	5,000	-
<b>Balance at 31<sup>st</sup> March</b>	<b>76,300</b>	<b>77,539</b>

## 11. Provisions

A breakdown of the items within the Provisions category on the Balance Sheet is set out below, analysed between those due within 1 year and those due after 1 year, together with the movements for the year is as follows:

	Balance at 1 <sup>st</sup> April 2025	Applications	Additions	Amounts Written off in Year	Balance at 31 <sup>st</sup> March 2026	Short Term Liabilities	Long Term Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Insurance Fund</b>	<b>-4,534</b>	1,056			<b>-3,478</b>	-1,890	-1,588
Adults: Contracts	-210	0	-	-	-210		-210
<b>Economy, Environment &amp; Infrastructure:</b>							
GSWBP Land Claims	-91	-	-		-91		-91
Contracts	-941	677	-547		-811	-571	-240
Fire: Pensions	0		-175		-175	-175	0
<b>Service Total</b>	<b>-5,776</b>	<b>1,733</b>	<b>-722</b>	-	<b>-4,765</b>	<b>-2,636</b>	<b>-2,129</b>
Employee Accrual	-9,581	1,139			-8,442	-8,442	
<b>Total</b>	<b>-15,357</b>	<b>2,872</b>	<b>-722</b>	<b>0</b>	<b>-13,207</b>	<b>-11,078</b>	<b>-2,129</b>

Details of the provisions held at 31 March 2026 are as follows:

### Insurance Fund

Whilst Insurance services are arranged through external partners, the current excess levels effectively means that all but the very largest claims are self-insured. GCC therefore operates a standalone insurance fund to cover the impact of any self-insurance liabilities. The Provisions held specifically relate to known claims which had not been settled at year end.

### Economy, Environment & Infrastructure - Contracts

These provisions relate to amounts due to external providers under retention periods for a number of highways contracts. It is normal process for there to a defects period under contracts, where a small retention is held back from the final settlement, but is paid on satisfactory completion of this period, normally at the end of a twelve months.

### Employee Accrual

Local Authorities are required to account for benefits payable during employment in accordance with IAS19. The provision held within the Accumulated Absences Account relates to estimated costs associated with short term benefits such as leave, flexible working hours and additional TOIL, which have been accumulated at the end of 2025/26 but will not be settled until 2026/27. Employee accrual has reduced mainly due to the way the Easter Holidays fall for Schools.

### Fire Pension provision

Historic payments made to firefighters at Cirencester Station (Rent Allowance and Compensatory Grant) while on the Day Crewing duty system were incorrectly treated as non-pensionable. These payments were, in substance, remuneration and should have been pensionable under the Firefighters' Pension Scheme (FPS). FPS rules require pension contributions to be paid on pensionable remuneration. Contributions

will therefore be applied to the reclassified payments to enable payment of correct pension benefits. Legal considerations (including Limitation Act implications) are being managed within the agreed approach

## 12. Creditors & Revenue Receipts in Advance

	2024/24	2025/26
	£'000	£'000
Central Government Bodies	29,929	18,795
Other Local Authorities	28,685	31,615
NHS Bodies	4,002	5,447
Public Corporations and Trading Funds	189	1,335
Other Entities and Individuals	87,993	101,082
<b>Balance at 31<sup>st</sup> March</b>	<b>150,798</b>	<b>158,274</b>

Note, the 2025/26 total includes £28,131k of Receipts in Advance (£34,181k in 2024/25), mostly relating to Central Government Bodies, Other Local Authorities and Entities and Individuals

## 13. Unusable Reserves

A breakdown of reserves within the unusable reserves category on the Balance Sheet is set out in the following table, followed by further details on the movements for each unusable reserve.

Unusable Reserve	2024/24	2025/26
	£'000	£'000
Revaluation Reserve	498,674	509,279
Financial Instrument Revaluation Reserve	-1,550	-1,800
Pooled Instrument Adjustment Account	-3,556	-2,633
Capital Adjustment Account	790,855	831,163
Defined Pension Fund Reserve	-342,577	-290,674
Collection Fund Adjustment Account	3,316	4,324
Accumulated Absences Account	-9,581	-8,442
Financial Instruments Adjustment Account	-2,496	-2,351
Dedicated Schools Grant Deficit Reserve	-78,537	-124,718
<b>TOTAL</b>	<b>854,548</b>	<b>914,148</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by GCC arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost,
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

	2024/24	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>535,725</b>	<b>498,674</b>
Upward revaluation of assets	29,648	45,451
Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of	-18,488	-13,962
Depreciation written out to the Capital Adjustment Account	-15,097	-14,587
Accumulated gains on assets sold or scrapped	-33,063	-6,297
Other movements	-51	0
<b>Balance at 31<sup>st</sup> March</b>	<b>498,674</b>	<b>509,279</b>

### Financial Instrument Revaluation Reserve

The financial instruments revaluation reserve contains the gains and losses made by GCC arising from increases or decreases in the value of its investments that are measured at fair value through other comprehensive income.

	2024/24	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>-236</b>	<b>-1,550</b>
Change in year end valuation	-1,314	-250
<b>Balance at 31<sup>st</sup> March</b>	<b>-1,550</b>	<b>-1,800</b>

### Pooled Instrument Adjustment Account

The Pooled Instrument Adjustment Account contains the gains / losses made by GCC arising from increases / decreases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. They are instruments that are categorised as Fair Value through profit and loss but subject to a statutory override so that they do not impact in year on council taxpayers. On disposal of pooled investments, cumulative unrealised gains previously held in the Pooled Investment Adjustment Account are released to the General Fund in accordance with statutory guidance

	2024/24	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>-4,761</b>	<b>-3,556</b>
Fair value movements transferred to/from the General Fund in accordance with the statutory requirements	1,205	923
<b>Balance at 31<sup>st</sup> March</b>	<b>-3,556</b>	<b>-2,633</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by GCC as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 1 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2024/25	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>779,712</b>	<b>790,855</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation of non-current assets	-77,450	-78,405
Depreciation written out to the Revaluation Reserve	15,097	14,587
Amortisation of intangible assets	-65	0
Revaluation losses on Property, Plant and Equipment	-8,602	-3,811
Revenue expenditure funded from capital under statute	-17,245	-24,058
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	-56,645	-8,001
Adjusting amounts written out of the Revaluation Reserve	33,114	6,297
<b>Capital financing applied in the year:</b>		
Write off of deferred charges	2,485	2,485
Use of the Capital Receipts Reserve to finance new capital expenditure	9,089	8,509
RCCO applied to capital financing	9,628	17,289
Statutory Provision for the financing of Capital Investment	11,618	13,390
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	90,119	92,026
<b>Balance at 31<sup>st</sup> March</b>	<b>790,855</b>	<b>831,163</b>

### Defined Pension Fund Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. GCC accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as GCC makes employers' contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and present employees and the resources GCC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>-391,428</b>	<b>-342,577</b>
Remeasurement of net defined benefit liability	40,173	33,520
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	8,678	18,383
<b>Balance at 31<sup>st</sup> March</b>	<b>-342,577</b>	<b>-290,674</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the CIES as it falls due from council taxpayers and local businesses compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

	2024/24	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>4,067</b>	<b>3,316</b>
Amount by which council tax and non domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non domestic income calculated for the year in accordance with statutory requirements.	-751	1,008
<b>Balance at 31<sup>st</sup> March</b>	<b>3,316</b>	<b>4,324</b>

### Accumulated Absences Account

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.

	2024/24	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	-5,779	-9,581
Amount in which the settlement or cancellation of accrual made at the end of the preceding year and the amount accrued at the end of this year differs.	-3,802	1,139
<b>Balance at 31<sup>st</sup> March</b>	<b>-9,581</b>	<b>-8,442</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. GCC uses the account to manage premiums and discounts paid or received on the early redemption of loans. Premiums or discounts are debited or credited to the CIES when they are incurred but reversed out of the general fund balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax.

	2024/24	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	-2,672	-2,496
Adjustments with the General Fund relating to the total of deferred premiums/discounts:		
Write down	176	145
<b>Balance at 31<sup>st</sup> March</b>	<b>-2,496</b>	<b>-2,351</b>

### Dedicated Schools Grant Deficit Reserve

Following a change in legislation and accounting standards the Dedicated Schools Grant Deficit Reserve, no longer forms part of GCC's useable reserves. This is now included within unusable reserves on the balance sheet. The Dedicated Schools Grant Deficit Reserve absorbs the differences that would otherwise arise on the General Fund Balance. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2024/24	2025/26
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	-45,751	-78,537
Adjustments with the General Fund relating to the final accumulated deficit on the dedicated school grant activities in year	-32,786	-46,181
<b>Balance at 31<sup>st</sup> March</b>	<b>-78,537</b>	<b>-124,718</b>

#### 14. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items.

Adjust net surplus or deficit on the provision of services for non cash movements as follows:

	2024/25 £'000	2025/26 £'000
Depreciation & Impairment	86,053	82,216
Amortisation	64	0
Increase/Decrease in Creditors	-1,919	9,065
Increase/Decrease in Debtors	5,622	-17,390
Increase/Decrease in Inventories	-169	-267
Movement in Pension Liability	-8,678	-18,383
Other non-cash items charged to the net surplus or deficit on the provision of services	1,198	-3,125
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	56,645	8,001
<b>Total</b>	<b>138,816</b>	<b>60,117</b>

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	2024/25 £'000	2025/26 £'000
Capital Grants credited to surplus or deficit on the provision of services	-82,442	-133,174
Premiums or discounts on the repayment of financial liabilities	-	-
Proceeds from the sale of property plant and equipment, investment property and intangible assets	-9,349	-8,249
<b>Net cash flows from Operating Activities</b>	<b>-91,791</b>	<b>-141,423</b>

	2024/25 £'000	2025/26 £'000
Interest received	14,439	12,642
Interest paid	-25,222	-24,795
<b>Total</b>	<b>-10,783</b>	<b>-12,153</b>

#### 15. Cash Flow Statement – Investing Activities

	2024/25 £'000	2025/26 £'000
Purchase of property, plant and equipment, investment property and intangible assets	-118,416	-120,418
Purchase of short-term and long-term investments	-95,000	-86,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9,349	8,249
Proceeds from short-term and long-term investments	165,000	85,000
Other receipts from investing activities **	77,380	137,670
<b>Net cash flows from Investing Activities</b>	<b>38,313</b>	<b>24,501</b>

\*\* the majority of this relates to capital grants shown in note 22

## 16. Cash Flow Statement – Financing Activities

	2024/25 £'000	2025/26 £'000
Cash receipts of short and long term borrowing	30,000	55,000
Repayments of short-term and long-term borrowing	-37,500	-25,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-2,872	-2,791
<b>Net cash flows from Financing Activities</b>	<b>-10,372</b>	<b>27,209</b>

## 17. Pooled Budgets & Partnership Working

### NHS Gloucestershire Integrated Care Board (ICB)

GCC has entered into partnership with NHS Gloucestershire ICB under Section 75 of the NHS Act 2006. This legislation allows health bodies and health-related council services to work together more effectively in the provision of services designed to meet the needs of users without concern for the boundaries of their organisations. The partnership agreement comprises an overarching agreement, together with specific sections covering the following service areas:

- Provision of Adult Mental Health Services (Integrated Budget)

A partnership agreement with NHS Gloucestershire ICB is in place to commission mental health services for adults. In 2025/26 the Council's share of the gross expenditure of the partnership was £15.6 million (£14.0 million in 2024/25), gross income was nil (nil in 2024/25) and therefore the Council's net contribution was £15.6 million (£14.0 million in 2024/25).

- Provision of Child & Adolescent Mental Health Services (Integrated Budget)

A partnership agreement with NHS Gloucestershire ICB is in place to commission mental health services for children and young people. In 2025/26 the Council's share of the gross expenditure of the partnership was £0.7 million (£0.7 million in 2024/25), gross income was nil (nil in 2024/2025) and therefore the Council's net contribution was £0.7 million

- Provision of Social Care Occupational Therapy (Integrated Budget)

A partnership agreement with NHS Gloucestershire ICB is in place to commission occupational therapy services. In 2025/26 the gross expenditure of the partnership was £4.0 million (£3.7 million in 2024/25), gross income was nil (nil in 2024/25) and the Council's contribution was £2.9 million (£2.7 million in 2024/25). The ICB's contribution is funded through the Better Care Fund.

- Provision of a Community Equipment Service (Pooled Budget)

A partnership agreement, with NHS Gloucestershire ICB to commission Community Equipment Services. A requirement of the Pool agreement is that income and expenditure must be charged to each partner in proportion to their financial contribution to the service.

In 2025/26 the gross expenditure of the partnership was £8.9 million (£9.5 million in 2024/25), gross external income was £0.2 million (£0.6 million in 2024/25), and the Council's contribution was £3.3 million (£3.4 million in 2024/25). A further £2.8 million was made available to the partnership from the Disabled Facilities Grant (£2.8 million in 2024/25).

### The Better Care Fund

The Better Care Fund (BCF) first came into operation on 1 April 2015. To administer the fund, Clinical Commissioning Groups (CCGs) were required to establish joint arrangements with local authorities to operate a pooled budget for joint delivery of more integrated health and social care. This responsibility passed to Integrated Care Boards wef 1st July 2022.

In 2025/26 the total funding covered within the BCF was £91.7 million (£61.7 million in 2024/25), of which £24.7 million was allocated to the Council as Lead Commissioner (£19.8 million in 2024/25), and £8.5 million was allocated through the Disabled Facilities Grant (£8.5 million in 2024/25). The ICB was allocated £58.5 million as Lead Commissioner (£34.5 million in 2024/25).

### **Continuing Health Care & Funded Nursing Care**

Support to the ICB in meeting its statutory responsibility to assess eligibility for funded nursing and continuing health care, and to commission care. Support is given through the Council's Integrated Brokerage Team.

### **Discharge Funds 1 and 2**

In 2022/23 The Department of Health allocated two new tranches of funding to local authorities and ICBs, in order to reduce delays in discharge from hospital for patients who are clinically fit to leave. The funding was aligned with the BCF, and in 25/26 totalled £9.2 million, of which £4.5 million was allocated to the ICB, and £4.7 million to the Council.

### **Fastershire**

Fastershire is a partnership between Herefordshire Council and GCC which formed in 2012. GCC has jointly worked on the Fastershire Broadband Strategy approved by Cabinet in September 2014. Herefordshire Council acts as the lead authority for this partnership, and GCC provides additional revenue funding for the programme management and project team support. The Partnership covers a range of funding streams as summarised below and has now come to an end in 2025/26 following the delivery of the Broadband contracts:

- Borders Broadband £15.6 million

Fastershire partnership entered into a Borders Broadband Contract with BT to build a future proof world class broadband network for the two counties. The project is being funded by Herefordshire Council, GCC and Broadband Delivery UK (BDUK), a government agency and BT.

GCC approved a commitment of £7.5 million to the project, which is reflected in GCC's approved capital programme for 2014/15 and 2015/16. This was match funding to enable the authorities to draw down the central government contribution via BDUK, which was £18.2 million for both counties.

The contract with BT ended in 2020/21 with the final expenditure of £12.3 million relating to Gloucestershire of which £8.1 million was funded from government grant and £4.2 million funded from the Council's Reserves. The BDUK government grant required a minimum match funding from GCC of £7.5 million therefore an additional £3.3 million of funding must be spent on Broadband investment as part of the Gloucestershire strategy going forward. Of the £3.3m GCC has spent £1.870m which leaves £0.740 million as part of the Council's Economic Stimulus Reserve earmarked for spend against Broadband.

As part of the BT Contract the Council have received clawback payments of £2.061m in 2023/24, £6.2m in 2024/25 and the final payment of £2.3m which can only be spent against broadband related solutions. To date £3.4m of this clawback has been used against Broadband expenditure leaving a balance of £7.1m against the Council's Economic Stimulus Reserve earmarked for spend against the Digital Strategy.

- South West Ultrafast £4.0 million

GCC was awarded a £2.0 million grant from the BDUK South West Ultrafast Broadband and £2.0 million has been matched funded by GCC fund, approved by Cabinet on 12th December 2015, which was administered through the Fastershire partnership.

- Superfast Extension Programme (SEP) £9.7 million

The Fastershire partnership was awarded £9.7 million with the County Council receiving £5.5 million from BDUK (SEP) and match funding of £4.2 million was approved by Cabinet on 17th September 2014. To date the following contracts has been let for Gloucestershire.

<b>Contract</b>	<b>Provider</b>	<b>GCC Contribution £'000</b>
Stage 3.1	Gigaclear	1,500
Stage 2/3.3c	Gigaclear	4,230
Stage 3.3a	BT	346
Stage 3.3d	Gigaclear	1,873
Stage 3.3e	Gigaclear	604
Stage 4 MGBG		284
Stage 5 FCG		823
<b>Total</b>		<b>9,660</b>
BDUK Grant Funding		-5,460
Council Funded		-4,200
<b>Total Council Match funding</b>		<b>-9,660</b>

During 2025/26 £40.4k was given out as part of the Digital Household Grant Scheme which was funded from the Broadband funding in reserve.

### **Shared Audit Services**

The ARA shared service is an audit risk & assurance shared service hosted by the Council under a section 101 agreement, with Stroud District Council and Gloucester City Council as partners. Governance arrangements are completed through a Shared Service Board. All expenditure and income is within the Council's accounts, with the two partners being charged an annual fee based on agreed service provision. Fee income is also received from the provision of audit and other services to wider partners (such as Ubico Ltd and Academies) through agreed contracts.

In addition to the net spend, a dividend was released to the ARA partners in quarter 3 2025/26 based on a surplus position achieved by the shared service in 2024/25 and the section 101 agreement fee base percentages. The dividend released was £ 29,631.50 and split between GCC, Gloucester City Council and Stroud District Council. The value of the dividend was agreed by the ARA Shared Service Board in July 2025.

### **Ubico Ltd**

Ubico Limited was originally formed in 2012 as a company wholly owned by its shareholders, Cheltenham Borough Council and Cotswold District Council. The company is responsible for delivering the shareholders' environmental services within their respective council boundaries. The Forest of Dean District Council, Tewkesbury Borough Council and West Oxfordshire District Council joined the partnership on 1st April 2015. Stroud District Council joined in January 2016, GCC joined in August 2016, and Gloucester City Council joined in November 2021. Each of the eight authorities are now equal shareholders.

GCC procured supplies and services totalling net expenditure of £3.2 million from Ubico Limited during 2025/26, £43k of which is included in GCC's balance sheet: £6k as a short-term creditor and £49k as a short-term debtor at year end. Sites, plant and equipment and other infrastructure are provided by GCC and are included within GCC's asset register. Vehicles used for haulage are provided by Ubico Limited under the terms of the contract.

### **Adoption West**

On the 1 March 2019 GCC joined together with Bath and North East Somerset, Bristol and North Somerset, South Gloucestershire and Wiltshire Councils to create a new regional adoption agency, called Adoption West. The aim of the collaboration is to deliver an adoption service that offers improved outcomes for both children, people who want to adopt and people whose lives are affected by adoption. During 2025/26 the Council made payments to Adoption West totalling £1.5 million. Note 22 provides more information on related party transactions and arrangements for GCC.

## 18. Officer's Remuneration

GCC is required to list all post holders who earn between £50,000 and £150,000 or more for all or part of a year and:

- They report directly to the Chief Executive, or;
- They are part of GCC's Senior Management Team, or;
- They hold posts required by statute, or,
- They hold posts that have significant influence and control over GCC's activities.

The senior employees who met the above criteria for 2024/25 and 2025/26 are as follows:

<b>2024/25 Restated</b>	<b>Salary, Fees and Allowances £</b>	<b>Compensation for loss of Office £</b>	<b>Other Taxable Benefits £</b>	<b>Employer's Pension Contributions £</b>	<b>Total £</b>
Chief Executive - P Bungard (1)	153,855	-	-	0	<b>153,855</b>
<i>N.Philippidis - Acting up Honorarium (5)</i>	50,507	-	-	8,912	<b>59,419</b>
Chief Fire Officer - M.Preece	153,627	-	-	57,764	<b>211,391</b>
Deputy Chief Fire officer	127,371	-	-	47,891	<b>175,262</b>
Assistant Chief Fire officer	109,533	-	-	41,184	<b>150,717</b>
Executive Director: Economy, Environment & Infrastructure - C. Chick	153,627	-	-	31,494	<b>185,121</b>
Director of Transport and Highways	116,882	-	-	25,833	<b>142,715</b>
Director of Economy and Environment (2)	129,061	-	-	5,990	<b>135,051</b>
Executive Director: Adults Social Care and Public Health - S. Scott	153,627	-	-	31,494	<b>185,121</b>
Director of Adults social care operations	113,209	-	-	23,208	<b>136,417</b>
Director of Quality, Performance & Strategy	113,209	-	-	23,208	<b>136,417</b>
Director of Public Health	116,882	-	-	16,808	<b>133,690</b>
Director of Integration (3)	56,605	-	-	11,604	<b>68,209</b>
Executive Director: Children's Services	143,125	-	-	29,341	<b>172,466</b>
Director of Children's Safeguarding and care	116,882	-	-	23,961	<b>140,843</b>
Director of Children's Partnerships (4)	17,105	-	-	0	<b>17,105</b>
Director for integrated Children & Families commissioning (4)	50,354	-	-	10,258	<b>60,612</b>
Director of Education	116,882	-	-	23,961	<b>140,843</b>
Deputy Chief Executive and Executive director of Corporate Resources - N Philippidis *	102,938	-	-	21,102	<b>124,040</b>
Director of Finance	116,882	-	-	23,961	<b>140,843</b>
Director of Digital and People	116,882	-	-	23,961	<b>140,843</b>
Director of Strategic Planning, Performance & Change and Monitoring Officer	116,882	-	-	23,961	<b>140,843</b>
	<b>2,445,927</b>	-	-	<b>505,896</b>	<b>2,951,823</b>

Notes:

- 1 The Chief Executive works 29.6 hours per week, the full time equivalent for this post is £192,319.

- 2 The Director of Economy and Environment was filled via secondment from 01/04/2024 - 31/12/2024, the cost of that secondment for that period was £99,840. The full year equivalent for this post is £140,843.
- 3 The Director of Integration is a joint employee of Gloucestershire County Council and ICB. Gloucestershire County Council is liable for half of the costs associated with this role.
- 4 The Director of Children's Partnerships left the role on 30/06/2024, this role was then vacant until The Director for Integrated Children & Families Commissioning replaced it. This post was filled by acting up into the role from 10/10/2024 and formally got the position on the 01/12/2024. The full year equivalent for this role is £123,520.
- 5 The Deputy Chief Executive and Executive Director of Corporate Resources acting up as Chief Executive from December 2024 to May 2025 was omitted from the 2024/25 note. The figures have been restated to include a further £7,032 which was an allowance for these arrangements.

<b>2025/26</b>	<b>Salary, Fees and Allowances £</b>	<b>Compensation for loss of Office £</b>	<b>Other Taxable Benefits £</b>	<b>Employer's Pension Contribution £</b>	<b>Total £</b>
Chief Executive (1)	208,463			40,856	<b>249,319</b>
<i>N. Philippidis - Acting up Honorarium</i>	24,045			6,138	<b>30,183</b>
<i>J. Walker</i>	170,014			34,718	<b>204,732</b>
Chief Fire Officer - M.Preece	158,543	-	-	59,612	<b>218,155</b>
Deputy Chief Fire Officer	131,447	-	-	49,424	<b>180,871</b>
Assistant Chief Fire Officer and Director of Improvement (2)	77,888	-	-	29,286	<b>107,174</b>
Executive Director: Economy, Environment and Infrastructure - C. Chick	158,543	-	-	32,501	<b>191,044</b>
Director of Transport and Highways	120,622	-	-	24,727	<b>145,349</b>
Director of Economy and Environment	120,622	-	-	24,727	<b>145,349</b>
Executive Director: Adult Social Care, Wellbeing and Communities - S. Scott	158,543	-	-	32,501	<b>191,044</b>
Director of Adult Social Care Operations	120,622	-	-	24,727	<b>145,349</b>
Director of Quality, Performance & Strategy	120,622	-	-	24,727	<b>145,349</b>
Director of Public Health	120,622	-	-	17,345	<b>137,967</b>
Director of Integration (3)	120,622	-	-	24,727	<b>145,349</b>
Executive Director: Children's Services - A. James	158,543	-	-	33,577	<b>192,120</b>
Director of Children's Safeguarding and care	120,622			24,727	<b>145,349</b>
Director for Integrated Children & Families Commissioning	112,406	-	-	23,043	<b>135,449</b>
Director of Education	120,622	-	-	24,727	<b>145,349</b>
Deputy Chief Executive and Executive Director of Corporate Resources - N Philippidis (4)	137,660			28,453	<b>166,113</b>
Director of Finance (5)	190,754	-	-	18,291	<b>209,045</b>
<i>Permanent appointment to 30/11/25</i>	80,415	-	-	16,485	<b>96,900</b>
<i>Interim appointment to 13/03/26</i>	101,529	-	-	0	<b>101,529</b>
<i>Permanent appointment from 02/03/26</i>	8,810	-	-	1,806	<b>10,616</b>
Director of Digital and People Services	120,622	-	-	24,727	<b>145,349</b>
Director of Policy, Performance & Governance & SIRO and Monitoring Officer	120,622	-	-	24,727	<b>145,349</b>
	<b>2,699,010</b>	-	-	<b>587,432</b>	<b>3,286,442</b>

Notes:

- 1 The Chief Executive in post at the start of the year worked 29.6 hours per week, they left on

04/05/2025. To assist in the handover from old to new Chief Executive, the Deputy Chief Executive and Executive Director of Corporate Resources acted up from December 2024 to May 2025. A permanent appointment was made with start date of 19/05/2026. The full time equivalent for this post is £235,733.

- 2 The Assistant Chief Fire Officer and Director of Improvement left on 30/11/2025 and was then filled via secondment from 01/12/2025, the cost of that secondment to 31/03/2026 was £44,804. The full year equivalent for this post is £160,761.
- 3 The Director of Integrated Commissioning is now solely an employee of Gloucestershire County Council. Previously the post was a joint employee of Gloucestershire County Council and ICB where Gloucestershire County Council were liable for half of the costs associated with the role.
- 4 The Deputy Chief Executive and Executive Director of Corporate Resources acted up as Chief Executive from December 2024 to May 2025. The full time equivalent for this post is £191,044.
- 5 The Director of Finance left the role on 30/11/2025. This post was filled by an agency member of staff from 14/10/2025 until 13/03/2026. A permanent appointment was made with a start date of 02/03/2026. The full year equivalent for this role is £129,167.

The numbers within the bandings include the total remuneration (excluding employer's pension contributions) of the senior officers disclosed individually in the previous tables. Salaries for teachers in Academy, Foundation and Voluntary Aided schools have not been included.

Under regulations, GCC is required to show the number of employees whose remuneration exceeded £50,000 (excluding employer's pension contributions) and this is shown in the table below. The table reflects the total remuneration, including compensation for loss of office (redundancy), received by employees as at 31st March 2026, not just an employee's gross salary.

Remuneration band	Total Number of Employees			
	2024/25		2025/26	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	112	203	201	348
£55,000 - £59,999	75	102	61	99
£60,000 - £64,999	34	44	57	63
£65,000 - £69,999	28	26	31	57
£70,000 - £74,999	33	27	27	19
£75,000 - £79,999	15	9	22	17
£80,000 - £84,999	10	11	18	18
£85,000 - £89,999	6	12	12	8
£90,000 - £94,999	4	4	3	13
£95,000 - £99,999	1	1	3	0
£100,000 - £104,999	3	0	1	0
£105,000 - £109,999	1	1	2	1
£110,000 - £114,999	0	3	1	1
£115,000 - £119,999	0	7	0	0
£120,000 - £124,999	1	0	0	10
£125,000 - £129,999	0	1	1	0
£130,000 - £134,999	0	0	0	1
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	2	0	0
£145,000 - £149,999	0	1	0	0
£150,000 - £154,999	0	4	0	1
£155,000 +	0	2	0	6
<b>Total</b>	<b>323</b>	<b>460</b>	<b>440</b>	<b>662</b>

The increase in employees falling within these bands is a result of the 2025/26 national pay award pushing more employees into this remuneration banding.

The number of exit packages with total cost per band and total cost of the compulsory and other

redundancies are set out in the tables below (including special payments):

Exit package	2024/25 restated				2025/26			
	Compulsory	Other	Total	Total cost	Compulsory	Other	Total	Total cost
	No.	No.	No.	£'000	No.	No.	No.	£
£0 - £20,000	3	39	42	399	4	15	19	90
£20,001 - £40,000	1	2	3	87	-	5	5	129
£40,001 - £60,000	-	-	-	-	1	1	2	105
£60,001 - £80,000	-	-	-	-	1	-	1	69
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	1	-	1	159	-	-	-	-
£200,000 +	-	1	1	245	-	-	-	-
<b>Total</b>	<b>5</b>	<b>42</b>	<b>47</b>	<b>890</b>	<b>6</b>	<b>21</b>	<b>27</b>	<b>393</b>

Due to the timing of payments, the 2024/25 note was overstated by £3k so has been corrected.

## 19. Members' Allowances

GCC is required to report the total allowances paid during the year to Council Members. Full details of the allowances paid to each individual Councillor are published on GCC's website: [Member allowances and expenses](#)

	2024/25	2025/26
	£'000	£'000
Basic Allowances	639	694
Special Responsibility Allowances	340	347
Travel & Subsistence Allowances	10	15
<b>Total</b>	<b>989</b>	<b>1,056</b>

## 20. External Audit Costs

GCC has incurred the following costs in relation to the audit of the SoAs, certification of grant claims and for non-audit services provided by GCC's external auditors. The table below details these costs:

	2024/25	2025/26
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	296	304
Fees payable for the certification of grant claims and returns for the year	7	10
<b>Total</b>	<b>303</b>	<b>314</b>

## 21. Disclosure of Deployment of Dedicated Schools Grant (DSG)

GCC's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2025/26 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2025/26 before academy and high needs recoupment			727,760
Academy and high needs figure recouped for 2025/26			-345,676
<b>Total DSG after academy and high needs recoupment for 2025/26</b>			<b>382,084</b>
Plus: Brought forward from 2024/25			-
Less: Carry forward to 2026/27 agreed in advance			-
Agreed initial budgeted distribution in 2025/26	95,286	286,798	382,084
In Year Adjustments	-3,709	-	-3,709
<b>Final budget distribution for 2025/26</b>	<b>91,577</b>	<b>286,798</b>	<b>378,375</b>
Less: Actual central expenditure	-137,758		-137,758
Less: Actual ISB deployed to schools		-286,798	-286,798
Plus: Local Authority contribution for 2025/26	-	-	-
<b>In-year Carry Forward to 2026/27</b>	<b>-46,181</b>	<b>0</b>	<b>-46,181</b>
In-year Carry Forward to 2026/27	-46,181	0	-46,181
Plus Carry-forward to 2026/27 agreed in advance			0
Carry-forward to 2026/27			0
DSG unusable reserve at the end of 2024/25			-78,537
Addition to DSG unusable reserve at the end of 2025/26			-46,181
Total of DSG unusable reserve at the end of 2025/26			<b>-124,718</b>
Net DSG position as end of 2025/26			<b>-124,718</b>

## 22. Grant Income

GCC credited the following grants, contributions and donations to the CIES in 2025/26.

<b>Credited to Taxation and Non Specific Grant Income</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
National Non Domestic Rates Retained Income	-26,159	-27,393
Top Up Grant	-57,003	-57,617
Non Service Related Grants	-144,284	-133,563
Fire Pensions Top Up Grant	-4,767	-4,726
<b>Total</b>	<b>-232,213</b>	<b>-223,299</b>

<b>Revenue Grants Credited to Services</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Department for Work & Pensions Grants	-7,674	-7,559
Department for Children's Schools & Families Grants	-44,328	-46,382
Department for Education Grants - DSG	-338,907	-376,163
Department of Health Grants	-2,746	-30,915
Community & Local Government Grants	-23,979	-4,520
Youth Justice Board Grant	-754	-1,008
Young Peoples Learning Agency Grants	-1,276	-1,499
Skills Funding Agency	-4,005	-3,323
Department for Environment, Food & Rural Affairs	-347	-5,460
Other Grants	-14,472	-18,050
<b>Total</b>	<b>-438,488</b>	<b>-494,879</b>

<b>Capital Grants and Contributions</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Department for Education Grants	-6,843	-38,962
Department for Transport Grants	-30,954	-44,396
Department for Levelling Up, Homes and Communities Grants	-8,490	-9,087
Homes England Grants	-31,621	-21,967
National Highways	-174	-77
NHS Contributions	-572	-4,096
Contributions from other Local Authorities	-967	-53
Other Grants and Contributions	-1,072	-218
Developer Contributions	-1,742	-14,317
<b>Total</b>	<b>-82,435</b>	<b>-133,173</b>
<b>Capital Grants Receipts in Advance</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Non Government Contributions for Capital purposes	-60,310	-66,978
Accountable body	-6,382	-6,095
<b>Total</b>	<b>-66,692</b>	<b>-73,073</b>

### 23. Related Parties

GCC is required to disclose material transactions with related parties, that is bodies or individuals that have the potential to control or influence GCC or to be controlled or influenced by GCC. Disclosure of these transactions allows readers to assess the extent to which GCC might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with GCC. Note 17 also provides more information on GCC's partnership working with other organisations including NHS Gloucestershire and Herefordshire Council.

#### Central Government

Central Government has effective control over the general operations of GCC – it is responsible for providing the statutory framework within which GCC operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that GCC has with other parties. Grants received from Government departments together with Grant receipts outstanding at 31st March 2026 are shown in Note 22.

#### Members

Members of GCC have direct control over GCC's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 19. Details of all member interests are recorded in the Register of Members' Interest, open to public inspection at Shire Hall during office hours or on GCC website. In 2025/26 there were no material related parties transactions to interests of Members of GCC.

#### Other Public Bodies (subject to common control by Central Government)

There is a contractual arrangement between GCC and Gloucestershire Care Partnership Limited (GCP) for the provision of places in care homes for older people, which involves sub-contracting its obligations to Order of St John Care Trust (OSJ) and Bedford Pilgrims Housing Association (BPHA).

GCC is entitled to appoint one independent trustee to the Board of GCP and under the Articles of Association GCC must always have less than 20% of the voting rights. Current provision under the arrangement is managed under a commercial contract. Future development of care facilities is managed by an Estates Committee, comprising an equal number of representatives from each party.

In 2025/26 payments of £20.9 million (£19.8 million in 2024/25) were made to the Order of St John Care Trust in relation to this contract. As of 2023/24 all payments made to Nursing and Residential Homes are now paid gross with the client contribution income being collected by GCC directly from the clients.

## 24. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by GCC, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by GCC that has yet to be financed.

	2024/25	2025/26
	£'000	£'000
<b>Opening CFR</b>	<b>478,239</b>	<b>484,410</b>
Adjustment for IFRS 16 transition	-4,274	-
Property, Plant and Equipment	116,046	123,035
Revenue Expenditure Funded from Capital under Statute	17,245	24,058
<b>Total to Finance</b>	<b>129,017</b>	<b>147,093</b>
<b>Sources of finance</b>		
Capital Receipts	-9,089	-8,509
Capital Fund & other Earmarked Reserves	-3,825	-3,282
Capital Grants and other Contributions	-90,113	-92,026
Minimum Revenue Provision (MRP)	-11,618	-13,390
Direct Revenue Contributions	-8,201	-16,398
<b>Total Financed</b>	<b>-122,846</b>	<b>-133,605</b>
<b>Closing CFR</b>	<b>484,410</b>	<b>497,898</b>
<b>Explanation of movements in year</b>		
Increase/decrease (-) in underlying need to borrowing	6,171	13,488
<b>Increase/Decrease (-) in CFR</b>	<b>6,171</b>	<b>13,488</b>

Capital Expenditure 2025/26:	£'000	%
<b>Adults</b>	11,068	7.5
<b>Public Health</b>	386	0.3
<b>Children &amp; Families</b>		
Schools	18,210	12.4
Non Schools	3,100	2.1
<b>Economy, Environment &amp; Infrastructure</b>		
Transport & Highways	93,282	63.4
Planning & Economic Development	534	0.4
Environment & Waste	1,292	0.9
Libraries & Registration	585	0.4
<b>Community Safety</b>		
Fire and Rescue	3,360	2.3
<b>Corporate Services</b>		
Asset Management Property Services	6,268	4.3
ICT Projects	4,122	2.8
Archives and Information Management	4	0.0
Capital Receipts Works before sale	116	0.1
<b>PFI/EFW Lifecycle</b>	1,338	0.9
<b>ROU assets</b>	3,428	2.3
<b>Total Capital Spend</b>	<b>147,093</b>	<b>100</b>

## 25. Leases

GCC accounts for leases in accordance with its Statement of Accounting Policies.

### Council as Lessee

#### Finance Leases

Other than those schemes undertaken through the Private Finance Initiative as reported in Note 26, there were no further finance leases identified by GCC during 2025/26.

#### Operating Leases

The Council has entered into operating leases (excluding operating leases that meet the IFRS16 Leases ROU criteria) to acquire the use of both property and vehicles. The future commitments due under non-cancellable leases in future years are:

	Expiry date of lease		
	Within 1 year	After 1 year but less than 5 years	After more than 5 years
	£'000	£'000	£'000
Property	555	1,213	1,623
Vehicles	95	-	-
<b>2024/25 Total</b>	<b>650</b>	<b>1,213</b>	<b>1,623</b>
Property	736	1,901	2,320
Vehicles	40	2	-
<b>2025/26 Total</b>	<b>776</b>	<b>1,903</b>	<b>2,320</b>

The expenditure charged to Services in the CIES during the year in relation to the minimum payments for these leases was:

	2024/25	2025/26
	£'000	£'000
Property	555	736
Vehicles	93	71
<b>Total</b>	<b>648</b>	<b>807</b>

### Council as Lessor

#### Finance Leases (IAS 17)

The Council has looked at all leases (including those that terminated at 31st March 2025) where it is the lessor (landlord), to establish the correct classification under IFRS. There were no finance leases identified to be included on the balance sheet.

#### Operating Leases

The Council leases out property under operating leases for purposes that include the provision of community services, care homes for older people and county farms for new starters in agriculture. The future minimum lease payments receivable under non-cancellable leases in future years are:

	Expiry date of lease		
	Within 1 year	After 1 year but less than 5 years	After more than 5 years
	£'000	£'000	£'000
Property	1,170	1,678	5,751
<b>2024/25 Total</b>	<b>1,170</b>	<b>1,678</b>	<b>5,751</b>
Property	1,166	1,613	5,385
<b>2025/26 Total</b>	<b>1,166</b>	<b>1,613</b>	<b>5,385</b>

The income relating to the minimum lease payments credited to Services in the CIES during the year was:

	2024/25	2025/26
	£'000	£'000
Property	1,255	1,168
<b>Total</b>	<b>1,255</b>	<b>1,168</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## 26. Private Finance Initiatives and Similar Contracts

### Fire Service Joint Training Centre PFI Scheme

2025/26 was the twenty third year of a twenty-five-year PFI contract for the design, build, financing and operation of a Joint Training facility in Avonmouth. The scheme is a joint PFI venture with Avon Fire Authority and Devon & Somerset Fire Authority whereby a significant proportion of the training required by the three services is provided at this facility.

#### Property, Plant and Equipment

GCC's share of the assets used to provide services at the Joint Training Centre are recognised on GCC's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 3. With effect from 1 April 2024, IFRS 16 has been applied, and assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in the year of adoption by adjusting prior year figures.

#### Payments

GCC makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the PFI contract as at 31st March 2025 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	2024/25	2025/26			Total £'000
	Total £'000	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	
<b>Paid in Year</b>	<b>979</b>	649	290	67	<b>1,006</b>
Outstanding undischarged contract obligations:					
Payable within one year	992	665	300	43	1,008
Payable within two to five years	2,077	1,390	341	16	1,747
<b>Total</b>	<b>3,069</b>	<b>2,055</b>	<b>641</b>	<b>59</b>	<b>2,755</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The balances outstanding are as follows:

	2024/25 £'000	2025/26 £'000
Value of liabilities as at 31st March:		
Balance outstanding at start of year	656	918
IFRS 16 transition	503	0
<b>Revised Opening</b>	<b>1,159</b>	<b>918</b>
IFRS 16 remeasurement	19	13
Payments during the year	-260	-290
<b>Balance outstanding at year-end</b>	<b>918</b>	<b>641</b>

Value of assets as at 31 <sup>st</sup> March:	2024/25 £'000	2025/26 £'000
Opening Net Book Value	1,418	1,015
Depreciation	-356	-347
IFRS 16 remeasurement	-19	-13
Revaluations	-28	382
<b>Balance</b>	<b>1,015</b>	<b>1,037</b>

### Fire Service Stations PFI Scheme

The building of four new Community Fire Stations, as well as a Life Skills Centre (SkillZONE) in Gloucestershire took place during 2011/12 and 2012/13. The PFI scheme runs for twenty-five and a quarter years to June 2037 and the fire stations become the property of the Fire & Rescue Service at the end of the contract agreement. Each station includes community facilities that can be hired by local groups and organisations. The SkillZONE centre in Gloucester is an educational facility aimed at teaching key safety messages to different parts of the community.

### Property, Plant and Equipment

GCC's assets used to provide services at the Fire Stations and Life Skills Centre are recognised on GCC's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 3. With effect from 1 April 2024, IFRS 16 has been applied, and assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in the year of adoption by adjusting prior year figures.

### Payments

GCC makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2025 are as follows:

	2024/25	2025/26			Total £'000
	Total £'000	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	
<b>Paid in year</b>	<b>3,745</b>	<b>1,723</b>	<b>955</b>	<b>1,114</b>	<b>3,792</b>
Outstanding undischarged contract obligations:					
Payable within one year	3,867	2,068	824	1,032	3,924
Payable within two to five years	11,813	9,673	4,443	1,909	16,026
Payable within six to ten years	24,585	14,387	7,207	4,471	26,065
Payable within eleven to fifteen years	9,401	0	0	0	-
<b>Total</b>	<b>49,666</b>	<b>26,128</b>	<b>12,474</b>	<b>7,412</b>	<b>46,015</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The balances outstanding are as follows:

Value of liabilities as at 31st March:	2024/25 £'000	2025/26 £'000
Balance outstanding at start of year	14,937	13,535
IFRS 16 transition	-418	0
<b>Revised Opening</b>	<b>14,519</b>	<b>13,535</b>
IFRS 16 remeasurement	-83	-106
Payments during the year	-901	-955
<b>Balance outstanding at year-end</b>	<b>13,535</b>	<b>12,474</b>

Value of assets as at 31 <sup>st</sup> March:	2024/25 £'000	2025/26 £'000
Opening Net Book Value	30,222	31,549
Depreciation	-2,301	-2,587
Additions	212	248
IFRS 16 remeasurement	83	106
Depn Written out on Revaluation	2,301	2,587
Revaluations	1,032	346
<b>Closing Balance</b>	<b>31,549</b>	<b>32,249</b>

### Energy from Waste Facility

A service concession arrangement involves the grantor conveying to the operator for the period of the concession the right to provide services that give the public access to major economic and social facilities. They are arrangements whereby a public body grants contracts for the supply of public services, such as roads, to private operators. In practice, service concessions typically last for twenty-five to thirty years or more and have complicated fact patterns.

In September 2012 a contract for the treatment of residual waste was awarded to Urbaser Balfour Beatty (UBB) to design, build, finance and operate an energy from waste (EfW) facility on behalf of GCC located at Javelin Park, near Gloucester. Following planning delays, the contract finally received permission in July 2015, and in January 2016 the existing contract with UBB was revised to take account of an updated project plan. In June 2024 UBB sold its UK business to FCC Services Medio Ambiente (FCC SMA) a conglomerate dedicated to environmental services formed by the Spanish company FCC who are now delivering the contract.

From October 2019 the facility became operational and at this point it is recognised on GCC's Balance Sheet. The contract period is for 25 years starting from the operational date with the option to extend by 5 years. Under the contract GCC is required to ensure that all waste for disposal from the district councils within Gloucestershire is delivered to the contractor, who will take on the responsibility for recycling or recovering energy from the waste stream.

### Property, Plant and Equipment

GCC's assets used to provide services at the EfW facility are recognised on GCC's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 3.

### Payments

GCC makes an agreed payment each year based on the tonnage of waste processed which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. Payments remaining to be made under the contract arrangements at 31st March 2026 (including an estimation of tonnage, inflation and excluding estimations of availability/performance deductions) are as follows:

	2024/25	2025/26			Total £'000
	Total £'000	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	
<b>Paid in year</b>	<b>22,609</b>	8,696	701	13,470	<b>22,867</b>
<b>Outstanding undischarged contract obligations:</b>					
Payable within one year	22,515	8,960	528	13,348	22,836
Payable within two to five years	68,539	29,054	1,610	38,772	69,436
Payable within six to ten years	119,489	53,475	7,570	60,716	121,761
Payable within eleven to fifteen years	127,988	63,631	18,792	48,330	130,753
Payable within sixteen to twenty years	137,654	61,578	42,850	22,033	126,461
Payable within twenty one to twenty five years	14,866	-	-	-	-
<b>Total</b>	<b>491,051</b>	<b>216,698</b>	<b>71,350</b>	<b>183,199</b>	<b>471,247</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The

liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2024/25	2025/26
	£'000	£'000
Balance outstanding at start of year	77,564	72,051
IFRS 16 transition	-4,800	0
<b>Revised Opening</b>	<b>72,764</b>	<b>72,051</b>
IFRS 16 remeasurement	51	58
Payments during the year	-765	-759
<b>Balance outstanding at year-end</b>	<b>72,051</b>	<b>71,350</b>

The deferred revenue value held as at the 31st March each year were:

	2024/25	2025/26
	£'000	£'000
Balance outstanding at start of year	52,177	49,692
Amortisation	-2,485	-2,485
<b>Closing Balance</b>	<b>49,692</b>	<b>47,207</b>

The asset value held as at the 31st March each year were:

	2024/25	2025/26
	£'000	£'000
Opening Net Book Value at start of year	191,934	181,531
IFRS 16 transition	-4,800	0
Depreciation	-8,997	-9,148
Additions	1,167	1,090
IFRS 16 remeasurement	-51	-58
Revaluation	-6,719	7,807
Depreciation Charge	8,997	9,148
<b>Closing Balance</b>	<b>181,531</b>	<b>190,370</b>

#### Arrangements that contain a lease

The Council have examined arrangements that could contain a lease. This is where "a transaction does not take the legal form of a lease but conveys the right to use an asset in return for payment". None were identified.

### 27. Impairment Losses - Capital

Adjustment for impairment has not been considered necessary in respect of decline in value due to obsolescence or physical damage, or a commitment by GCC to undertake a significant reorganisation or due to a significant adverse change in the statutory or other regulatory environment in which GCC operates.

### 28. Termination Benefits

The Council terminated the contracts of a number of employees in 2025/26, incurring liabilities of £0.393 million (£0.890 million in 2024/25). Note 18 provides details of the number of exit packages and total cost per band.

## 29. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by GCC are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and GCC contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. GCC is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this SoAs, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, GCC paid £26.9 million (£26.2 million in 2024/25) to the Teachers' Pensions Agency (TPA) in respect of teachers' retirement benefits. The employer's contribution is 28.68%, (23.68% in 2024/25) of pensionable pay. There were no contributions remaining outstanding at year-end.

GCC is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and fully accrued in the pension's liability. Detail can be found in Note 30.

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts (PCT) to local authorities and who had access to the NHS Pension Scheme on 31st March 2013 retained access to that Scheme on transfer at 1st April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme and it is a multi-employer defined benefit scheme. In the NHS, the scheme is accounted for as if it were a defined contribution scheme. GCC is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this SoAs, it is therefore accounted for on the same basis as a defined contribution scheme.

### 30. Defined Benefit Pension Schemes

The Gloucestershire Local Government Pension Scheme is a related party of GCC due to GCC being the administering body of the scheme and by virtue of the Pension Committee including 7 Council Members out of the 10 Committee members. The Committee is supported by Council staff who may be subject to influence from Council Members. The Pension Fund's "in-house" surplus cash balances are held in the Pension Fund's own bank account or money market funds. GCC administers the Pension Fund's named accounts within its Treasury Management department. A total average balance of £25.40 million (£16.24 million in 2024/25) was held in the Pension Fund accounts for 2025/26 gaining interest of £0.89 million, (£0.79 million in 2024/25). GCC recorded costs of £4.38 million (£4.00 million in 2024/25) for administering the Pension Fund.

#### Participation in Pension Schemes

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

GCC participates in several post-employment schemes:

- The Local Government Pension Scheme, administered locally by GCC – this is a funded defined benefit Career Average Revalued Earnings scheme (CARE), meaning that GCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.
- GCC also participates in the unfunded Firefighters Pension Scheme, and these are disclosed separately within these accounts.

The Gloucestershire Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme, and the governance of the scheme is the responsibility of the Pensions Committee. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Pensions Committee.

The principal risks to GCC of the 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 the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

#### Transactions Relating to Post-employment Benefits

GCC recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge GCC is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme		Unfunded - Firefighters' Pension Scheme	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
Cost of Services:				
Service Cost Comprising:				
Current service cost	38,906	30,980	1,400	800
Past service costs	369	300	-	-
Losses / Gains (-) on settlements	-2,442	-20	-	-
Financing and Investment Income and Expenditure				
Net interest on the defined pension liability	9,328	9,655	9,000	9,100
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>46,161</b>	<b>40,915</b>	<b>10,400</b>	<b>9,900</b>

Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	Local Government Pension Scheme		Unfunded - Firefighters' Pension Scheme	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount charged in the net interest expense)	-6,254	70,768	-	-
Actuarial gains and losses arising on changes in demographic assumptions	2,540	23,049	2,900	-1,300
Actuarial gains and losses arising on changes in financial assumptions	216,132	29,771	26,100	5,100
Expected 2026 pension increase order		-11,702		-1,100
Other experience	14,716	-83,912	1,200	-4,900
Effect of asset ceiling	-217,161	7,746	0	0
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>9,973</b>	<b>35,720</b>	<b>30,200</b>	<b>-2,200</b>

	Local Government Pension Scheme		Unfunded - Firefighters' Pension Scheme	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	1,578	10,983	7,100	7,400
	<b>1,578</b>	<b>10,983</b>	<b>7,100</b>	<b>7,400</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employers' contributions payable for unfunded teachers scheme & LGPS benefits (discretionary)	52,739	57,079	8,500	8,200
Employers' contributions payable to scheme for unfunded LGPS benefits (Discretionary)	4,000	3,919	-	-
<b>Total employers contributions</b>	<b>56,739</b>	<b>60,998</b>	<b>8,500</b>	<b>8,200</b>
Firefighters pension and lump sum benefit payments			<b>9,600</b>	<b>9,400</b>

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme - Funded		Local Government Pension Scheme - unfunded	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	-1,233,057	-1,349,706	-34,011	-31,799
Fair value of plan assets	1,681,095	1,878,110	-	-
Other movements in the liability (asset)	-595,603	622,378	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>-147,565</b>	<b>-93,974</b>	<b>-34,011</b>	<b>-31,799</b>

	Unfunded - Firefighters' Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Present value of the defined benefit obligation	-161,000	-164,900
Fair value of plan assets	-	-
Other movements in the liability (asset)	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>-161,000</b>	<b>-164,900</b>

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:	Local Government Pension Scheme		Unfunded - Firefighters' Pension Scheme	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	1,604,933	<b>1,681,095</b>	-	-
Interest Income	77,881	<b>97,866</b>	-	-
Remeasurement Gain / Loss (-):				
The return on plan assets, excluding the amount included in the net interest expense	-6,254	<b>70,768</b>	-	-
Other experience		<b>15,688</b>		
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	56,739	<b>60,998</b>	8,500	<b>8,200</b>
Contributions from employees into the scheme	12,434	<b>13,796</b>	1,300	<b>1,400</b>
Benefits paid	-56,326	<b>-58,133</b>	-9,800	<b>-9,600</b>
Benefits paid for unfunded LGPS benefits (Discretionary)	-4,000	<b>-3,919</b>	-	-
Assets distributed on settlement	-4,312	<b>-49</b>	-	-
<b>Closing fair value of scheme assets</b>	<b>1,681,095</b>	<b>1,878,110</b>	-	-

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Firefighters' Pension Scheme	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
Opening balance at 1 <sup>st</sup> April	-1,446,123	<b>-1,267,068</b>	-189,300	<b>-161,000</b>
Current service cost	-38,906	<b>-30,980</b>	-1,400	<b>-800</b>
Interest cost	-69,704	<b>-73,000</b>	-9,000	<b>-9,100</b>
Contributions from scheme participants	-12,434	<b>-13,796</b>	-1,300	<b>-1,400</b>
Remeasurement Losses / Gains (-):				
Actuarial gains/losses arising from changes in demographic assumptions	2,540	<b>23,049</b>	2,900	<b>-1,300</b>
Actuarial gains/losses arising from changes in financial assumptions	216,132	<b>29,771</b>	26,100	<b>5,100</b>
Expected pension increase order		<b>-11,702</b>	1,200	<b>-1,100</b>
Other experience	14,716	<b>-99,600</b>	-	<b>-4,900</b>
Past service costs (Including curtailments)	-369	<b>-300</b>	-	-
Liabilities assumed on entity combinations				
Benefits paid	56,326	<b>58,133</b>	9,800	<b>9,600</b>
Benefits paid for unfunded teachers scheme & LGPS benefits (Discretionary)	4,000	<b>3,919</b>	-	-
Liabilities extinguished on settlements, where relevant	6,754	<b>69</b>	-	-
<b>Closing balance at 31<sup>st</sup> March</b>	<b>-1,267,068</b>	<b>-1,381,505</b>	<b>-161,000</b>	<b>-164,900</b>

Reconciliation of Asset Ceiling:	Local Government Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Asset Ceiling restriction of surplus opening balance at 1st April	-360,937	-595,603
Change in the irrecoverable surplus due to interest charged to P/L	-17,505	-34,521
Change in the irrecoverable surplus recognised as a remeasurement in other comprehensive income	-217,161	7,746
<b>Asset Ceiling restriction of surplus closing balance at 31st March</b>	<b>-595,603</b>	<b>-622,378</b>

As the present value of future service contributions are higher than the present value of future service cost no surplus is recognisable in year ending 2025/26. Therefore, the funded surplus has been limited by £528,404k to nil. Also, an additional liability of £93,974k is recognised due to future deficit recovery contributions the council is committed to as at the balance sheet date.

Local Government Pension Scheme assets comprised:

	2024/25			2025/26		
	Quoted prices in active markets	Quoted prices not in active markets	TOTAL	Quoted prices in active markets	Quoted prices not in active markets	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	22,114	-	22,114	41,266	-	41,266
Equity Instruments	-	-	-	-	-	-
Bonds by Sector:						
Corporate (investment grade)	-	-	-	-	-	-
Corporate (non-investment grade)	-	-	-	-	-	-
UK Government	-	-	-	-	-	-
Other	-	-	-	-	-	-
Sub-total bonds	22,114	-	22,114	41,266	-	41,266
Real Estate:						
UK Property	55,901	45,860	101,761	25,464	93,021	118,485
Overseas Property	-	31,297	31,297	-	30,328	30,328
Sub-total real estate	55,901	77,157	133,058	25,464	123,349	148,813
Private equity:						
All	-	48,133	48,133	-	53,731	53,731
Investment Funds and Unit Trusts:						
Equities	-	1,022,722	1,022,722	-	1,141,319	1,141,319
Bonds	121,011	169,872	290,883	131,511	184,763	316,274
Infrastructure	-	91,309	91,309	-	94,363	94,363
Other	-	71,635	71,635	-	74,136	74,136
Sub-total investments funds and Unit Trusts	121,011	1,355,538	1,476,549	131,511	1,494,581	1,626,092
Derivatives:						
Forward foreign exchange contracts	1,241	-	1,241	8,210	-	8,210
Other	-	-	0	-	-	0
Sub-total derivatives	1,241	-	1,241	8,210	-	8,210
<b>Total Assets</b>	<b>200,267</b>	<b>1,480,828</b>	<b>1,681,095</b>	<b>206,451</b>	<b>1,671,661</b>	<b>1,878,112</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Firefighters' Pension Schemes liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2026. The significant

assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded liabilities: Firefighters' Pension Schemes	
	2024/25	2025/26	2024/25	2025/26
<b>Mortality assumptions:</b>				
Longevity (yrs) at 65 (60 for Fire) for current pensioners:				
Men	21.3	<b>22.1</b>	25.6	<b>26.1</b>
Women	24.1	<b>24.7</b>	28.5	<b>28.7</b>
Longevity (yrs) at 65 (60 for Fire) for future pensioners: (Figures assume members aged 45 as at 31.03.22 for the LGPS and as at 31.03.20 for Fire)				
Men	22.0	<b>22.6</b>	27.7	<b>28.1</b>
Women	25.5	<b>25.9</b>	30.5	<b>30.8</b>
Rate of increase in salaries	3.25%	<b>3.50%</b>	3.15%	<b>3.30%</b>
Rate of increase in pensions	2.75%	<b>3.00%</b>	2.80%	<b>3.00%</b>
Rate for discounting scheme liabilities *	5.80%	<b>6.20%</b>	5.80%	<b>6.20%</b>

\* Under IAS19 requirements the long-term expected rate of return on all asset types is the discount rate.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

### Sensitivity Analysis

Change in assumptions at 31 March 2026	Approximate Increase	Approximate monetary amount
	%	£'000
<b>Local Government Pension Scheme - Increase to Employer Liability</b>		
0.1% decrease in Real Discount Rate	1%	20,429
1 year increase in member life expectancy	4%	55,260
0.1% increase in the Salary Increase Rate	0%	767
0.1% increase in the Pension Increase Rate (CPI)	1%	19,650
<b>Fire Fighters Pension Scheme - Increase to Employer Liability</b>		
0.5% decrease in Real Discount Rate	8%	12,990
1 year increase in member life expectancy	3%	4,950
0.5% increase in the Salary Increase Rate	<1%	190
0.5% increase in the Pension Increase Rate (CPI)	7%	11,390
<b>Fire Fighters Pension Scheme - Increase to Projected Current Service Cost</b>		
0.5% decrease in real Discount Rate	34%	440
1 year increase in member life expectancy	3%	40
0.5% increase in the Salary Increase Rate	<1%	-
0.5% increase in the Pension Increase Rate (CPI)	15%	200

### Impact on the Authority's Cash Flow

The objectives of the scheme are to keep employers' contributions at a constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. A triennial valuation was undertaken on 31 March 2026. The Public Service Pensions Act 2013 provided for scheme regulations to be made within a common framework to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants in relation to service after 31st March 2014 for the Local

Government Pension Scheme or service after 31st March 2015 for other main existing public service pension schemes in England and Wales. The Council expects to pay £43.9 million in contributions to the LGPS scheme for period to 31st March 2027.

The weighted average duration of the defined benefit obligation for scheme members:

		Duration 2024/25	Duration 2025/26
LGPS	Duration as at previous formal valuation - 31.03.26	17.0	<b>15.0</b>
Fire	Updated duration effective as at previous formal valuation - 31.03.25	16.7	<b>14.9</b>
Fire - Injury	Updated duration effective as at previous formal valuation - 31.03.25	18.9	<b>18.9</b>

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. GCC is monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the LGPS scheme. As a result, GCC does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

### 31. Contingent Liabilities

Contingent liabilities are disclosed by way of a note when there is a possible obligation which may require a payment or a transfer of economic benefits.

#### Pension Guarantees

GCC has guaranteed to cover the liabilities associated with the pensions of ex-employees following the transfers of council services to external bodies. These arrangements are monitored and assessed to ensure that any provision for possible liabilities are made, as we are not allowed to collect contributions before an admission agreement is completed. Following assessment, it is not considered to be necessary to include any costs associated with these guarantees within the 2025/26 accounts.

#### Pyke Quarry, Oak Quarry and Fosse Cross

Work by GCC has identified a contingent liability in respect of Pyke Quarry and Oak Quarry, restored landfill sites, and Fosse Cross, a closed landfill site. At the Pyke Quarry and Oak Quarry sites there are Household Recycling Centres. Should GCC vacate these sites, Pyke Quarry would need extensive restoration, however at Oak Quarry there would be the removal of fixtures and fittings only. At Fosse Cross GCC has a budget for maintenance of the site only as it owns the land. The work for restoration of the two sites is estimated to be £0.95 million.

### 32. Contingent Assets

#### High Needs Stability Grant

In February 2026, the government announced its approach to support local authorities with DSG deficits. The support grants payments are due to come through to local authorities during the 2026/27 financial year; however, the funding allocations are aimed at supporting elimination of deficits held in the current unusable reserve at 31 March 2026. Due to the uncertainty around the conditions of the grant, and the calculation of the deficit eligible for grant GCC has been unable to recognise the grant within the 2025/26 accounts. Based on the current balance within the reserve, the contingent asset for the 90% High Needs element is estimated to be £114.781 million.

### 33. Nature and extent of risks arising from Financial Instruments

GCC complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, GCC approves a Treasury Management Strategy before the

commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. GCC also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. GCC's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- Credit risk – The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to GCC.
- Liquidity risk – The possibility that GCC might not have the cash available to make contracted payments on time.
- Market risk – The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk: Overview

GCC manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which GCC has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, GCC has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £30m is placed on the amount of money that can be invested with a single counterparty (other than the UK government), and £60m in any group of funds under the same management. GCC also sets limits on investments in certain sectors and no more than £100m in total can be invested for a period longer than one year.

Deposits are made with other local authorities, housing associations, banks, building societies and other financial institutions. The banks and financial institutions must satisfy a minimum credit rating and GCC sets limits on the amounts that can be invested in both an individual institution and also with a type of institution in total.

The table below summarises the credit risk exposures of GCC's treasury investment portfolio by credit rating and remaining time to maturity. This excludes money held in GCC's bank account.

	31/03/2025		31/03/2026	
	Short Term £'000	Long Term £'000	Short Term £'000	Long Term £'000
Unrated Local Authorities	40,631	-	31,645	10,000
Money Market Funds	53,162	-	50,113	
Pooled Funds	1,005	89,894	10,406	76,160
<b>Total</b>	<b>94,798</b>	<b>89,894</b>	<b>92,164</b>	<b>86,160</b>

Credit risk is not applicable to shareholdings and pooled funds where GCC has no contractual right to receive any sum of money.

In addition to treasury investments already made GCC is exposed to the risk of loss on the following contractual commitments to lend in the future:

	31/03/2025 £'000	31/03/2026 £'000
Unrated housing associations	15,000	15,000

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies multiplied by 110% (2024/25: 52%) to adjust for current and forecast economic conditions. A delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31st March 2026, £0 (2024/25: £0k) of loss allowances related to treasury investments. As a result, no adjustments have been made for loss allowance.

GCC's debtors, including any payments in advance made by GCC represent a customer base with the potential for risk exposure to non-recovery of the debt. However, a large proportion of the total debt relates to Government bodies and other debts which are not considered to be a risk. Therefore, in practice, the calculation of the risk exposure (bad debt provision) is confined to debtor invoices raised that are then subjected to recovery procedures. As at the end of March 202 the breakdown is shown below.

Generally, the recovery process commences when an invoice is 14 days overdue, with a reminder automatically being sent. The following provides an aged -debt analysis of our outstanding debtor invoices.

Debt profile:	2024/25	2025/26
	£'000	£'000
Less than a month	6,296	10,236
One to three months	4,857	3,541
Three to six months	2,768	3,546
More than six months	13,647	17,980
	<b>27,568</b>	<b>35,303</b>

### Liquidity Risk

GCC has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, GCC has ready access to borrowings from the money markets and the Public Works Loans Board and other local authorities, and at higher rates from banks and building societies. There is no significant risk that it will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 25% of GCC's borrowing matures in any one financial year. The current maturity for both assets and liabilities is as follows:

	2024/25			2025/26		
	Treasury Related		Lease and PFI Payables	Treasury Related		Lease and PFI Payables
	Liabilities	Assets		Liabilities	Assets	
	£'000	£'000	£'000	£'000	£'000	
Less than one year	44,130	94,798	1,765	75,230	92,164	1,652
Between one and five years	18,000	89,894	4,248	28,000	86,159	6,394
Between five and ten years	26,000	-	12,607	16,000	-	14,777
Between ten and twenty years	41,458	-	63,085	47,849	-	61,642
Between twenty and forty years	98,769	-	-	92379	-	-
	<b>228,357</b>	<b>184,692</b>	<b>81,705</b>	<b>259,458</b>	<b>178,323</b>	<b>84,465</b>

GCC has £22.05 million (2024/25: £22.05 million) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; GCC will then have the option to accept the new rate or repay the loan without penalty. In the event that the lender exercises its option, GCC is likely to repay these loans. The maturity date is therefore uncertain, however as all these loans are under a six-monthly call they are included in the "less than one year" category.

GCC holds £62.4 million (2024/25: £66.5 million) of liquid financial assets that can be withdrawn at short notice if required to meet cash outflows on financial liabilities. This includes cash held in GCC's bank account.

## Market Risk – Interest Rate Risk

GCC is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on GCC. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The treasury management strategy ensures that interest rate exposure feeds into the setting of the annual budget and is used to monitor the budget during the year. If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31/03/2025 £'000	31/03/2026 £'000
Increase in interest payable on variable rate borrowings	-	-
Impact on I&E of interest receivable on variable rate investments from a 1% rise in interest rate	558	506
Decrease in fair value of investments held at FVPL from a 1% rise in interest rate	-987	-846
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>-429</b>	<b>-340</b>
Decrease in fair value of investments held at FVOCI*	-1,314	-250
<b>Impact on Comprehensive Income and Expenditure</b>	<b>-1,743</b>	<b>-590</b>
Impact on Fair Value of 1% rise of fixed rate investments*	-149	-308
Impact on Fair Value of 1% rise of fixed rate borrowing*	-21,882	-18,929
Impact on Fair Value of 1% fall of fixed rate borrowing*	26,665	23,003

\*No impact on Comprehensive Income and Expenditure

## Price Risk

The market prices of GCC's units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk as described above.

GCC's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by GCC's maximum principal exposure to property investments of £30m. A 5% fall in commercial property prices at 31st March 2026 would result in a £1.6 million (2024/25: £1.3 million) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

GCC's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by GCC's maximum exposure in pooled funds of £150m. A 5% fall in share prices at 31st March 2026 would result in a £1.9m (2024/25: £1.7 million) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

GCC's investment in a real estate investment trust (REIT) is subject to the risk of falling residential property prices. This risk is limited by GCC's maximum exposure to REITs of £30m. A 5% fall in residential property prices at 31st March 2026 would result in a £189k (2024/25: £198k) charge to Other Comprehensive Income and Expenditure which would be reflected in the Financial Instruments Revaluation Reserve.

### Foreign Exchange Risk

GCC has minimal exposure to foreign exchange rates with all conversions carried out at spot rates with minimal financial risk.

### 34. Trust Funds

At 31st March 2026 GCC administered four trust funds on behalf of the trustees. These funds do not represent assets of GCC, and they have not been included in the Balance Sheet. The latest position is as follows:

	Balance at 31 <sup>st</sup> March 2025 £'000	Income	Expenditure £'000	Balance at 31 <sup>st</sup> March 2026 £'000
<b>Libraries</b> Two trusts providing funding for books for libraries	2,804	-	-	2,804
<b>Gloucestershire Heritage Trust Ltd</b> Preserves and renovates specific buildings and areas which are of historic interest	7,004	-	-	7,004
<b>Gloucestershire War Relief</b> The awarding of grants relating to service in the Great War	411	-	-	411
<b>Total</b>	<b>10,219</b>	-	-	<b>10,219</b>

### 35. Insurance

GCC arranges external insurance subject to the following excess levels:

- Public / employer's / official's indemnity liability policies, £0.375 million excess,
- Property Risks (Fire / lightning / explosion / earthquake / riot / civil commotion / storm / floods and escape of water damage) to all Council Properties, £0.100 million excess and,
- Own accident damage to GCC vehicles, £0.020 million excess.

This effectively means that all but the very largest claims are self-insured.

The Insurance Fund is made up of annual premiums charged to services. The fund consists of a provision representing the estimated cost of known outstanding claims, with the remaining balance being held as a reserve to meet the cost of potential future claims.

### 36. Deferred Liabilities

The amount of deferred liabilities recorded by GCC are as follows:

	2024/25 £'000	2025/26 £'000
PFI Joint Fire Training Centre - Amounts held with the equalisation fund on behalf of Avon Fire Authority and Devon & Somerset Fire Authority	896	571
Energy from Waste Contract - Deferred third party income	49,693	47,208
<b>Total</b>	<b>50,589</b>	<b>47,779</b>

### 37. Gain/Loss on the Disposal of Non-Current Assets

The net £0.249 million gain reported on the Comprehensive Income and Expenditure Statement includes the loss of £1.678 million following the transfer of one school to academy status during 2025/26. Fourteen schools converted to Academy status in 2024/25 totalling £50.844 million.

### 38. Revenue from Contracts with Service Recipients

GCC is required to show separately material revenue from contracts with service recipients. GCC has material contractual arrangements in relation to Adult Social Care provision under deferred payments (where care users use the value of their home to help pay care home costs) and client contributions (based on an assessment of how much care users must contribute towards the cost of their care). There were no material arrangements identified with performance obligations, so the income has been recognised on the date GCC provided the goods or services for all contracts.

Further details of the income received through other contract arrangements are included within the fees, charges and other services income line within Note 5.

For adult social care contracts, the following amounts were recognised as income within the CIES:

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Client Contributions	-42,387	-50,386
Deferred Payments	-4,810	-5,448
<b>Total Income</b>	<b>-47,197</b>	<b>-55,834</b>

And the following amounts were included as debtors in the balance sheet for these contracts with service recipients:

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Client Contributions	3,346	6,769
Deferred Payments	8,437	9,342
<b>Total Income</b>	<b>11,783</b>	<b>16,111</b>

## 39. Statement of Accounting Policies

### Introduction

Accounting policies are the principles, bases, conventions, rules, and practices applied by GCC. They specify how the financial effects of transactions and other events are reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses, and changes in reserves. All the accounting policies adopted that are material in the context of GCC's 2025/26 financial statements are described below.

### General Principles

The SoAs summarises GCC's transactions for the 2025/26 financial year and its position at year-end on 31st March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2025/26 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) (referred to as "the Code" in the following notes) and the Accounts and Audit Regulations 2015. The accounting convention adopted in the SoAs is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. These accounts are prepared on a going concern basis.

### Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. The bases of recognition are as follows:

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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

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

Exceptionally, in some cases actual payments are brought into account as they arise rather than being strictly apportioned between financial years e.g. electricity and gas charges. The effect on the income and expenditure account is not material.

Non cheque book schools are accounted for on a cash basis.

### Prior Period Adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct material errors. 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 GCC's financial position or financial performance. Where a change is made, 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.

### **Basis for Redemption of Debt**

GCC has historic debt from financing a proportion of its capital investment through raising loans. In accordance with statutory requirements, the CIES has been charged with an amount that is sufficient to redeem a specified statutory percentage of outstanding debt. The statutory figure is called the Minimum Revenue Provision (MRP). GCC charges a fixed amount per annum for debt taken prior to 2016 and calculates the MRP on an asset life basis for debt taken after this. In accordance with accounting principles MRP is only charged once an asset becomes operational.

### **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 highly liquid investments that are readily converted to known amounts of cash within a short time scale, are subject to insignificant risk of changes in value and are available to meet short-term cash commitments. Those investments that will mature within three months from the date of acquisition are treated as cash equivalents.

Funds held for strategic purposes are treated as long-term investments to reflect GCC's policy of holding them for a minimum of five years. Strategic funds will be reviewed prior to the end of each financial year, and if appropriate will be treated as a short-term investment where there is an expectation that the fund will be matured within the next financial year. Funds will only be matured when the principal value has recovered back to the original value to ensure that unnecessary losses are avoided.

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 GCC's cash management.

### **Charges to Revenue for Non-Current Assets**

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

Depreciation attributable to the assets used by the relevant service.

Revaluation and impairment losses on assets used by the service where there are insufficient accumulated gains in the revaluation reserve against which the losses can be written off.

### **Amortisation of intangible non-current assets attributable to the service.**

GCC is not allowed to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement.

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

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives GCC a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within their control. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives GCC a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of GCC. Contingent liabilities also arise 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 disclosed in a note to the accounts.

### **Council Tax and Non-Domestic Rates (NDR)**

The district councils in Gloucestershire are acting as agents of the County Council in collecting council tax and business rates. The cash collected from council taxpayers and business rates payers belongs proportionately to the district councils and the major preceptors. There is therefore a debtor / creditor

position between each district council and the County Council to recognise that the net cash paid in the year is not the same as the share of cash collected. GCC recognises its share of council tax and business rates debtor and creditor balances, impairment allowances for doubtful debts and provisions for losses on appeal in its Balance Sheet. The Cash Flow Statement of GCC includes the net council tax and business rates cash received from the Collection Fund in the year.

GCC tax and NDR income included in the CIES is GCC's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in GCC's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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 (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **Events after the Balance Sheet Date**

Balance sheet events have been considered up to the time the SoAs was authorised for issue.

An adjustment will be made for events after the balance sheet date that provides evidence of the conditions that existed at the balance sheet date. An adjustment will not be made for events that occurred after the balance sheet date that is indicative of conditions that arose after the balance sheet date. However, if the non-adjusting event would have a material effect, disclosure will be made in the notes to the accounts describing the nature of the event and the estimated financial effect.

### **Employee Benefits**

- **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to GCC. An accrual is made for the cost of holiday entitlements 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 wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 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 GCC to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These payments are charged on an accrual basis to the relevant directorate in the Cost of Services at the earlier of when GCC can no longer withdraw the offer of those benefits or when GCC recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by GCC to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

- **Post Employment Benefits**

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

future entitlement.

Employees of GCC are members of seven separate pension schemes:

- The Local Government Pensions Scheme.
- The Firefighter's Pensions Scheme.
- The New Firefighter's Pension Scheme.
- The Modified Firefighters Pension Scheme.
- The Firefighters Pension Scheme 2015.
- The Teachers' Pension Scheme.
- The NHS Pension Scheme for employees that have transferred in respect of Public Health.

- **Local Government Pension Scheme**

The Gloucestershire Local Government Pension Scheme for civilian employees is administered by GCC. The assets of the scheme are separately held in a Committee Administered Fund with GCC acting as trustees. It is a statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013, as amended and a separate annual audit is carried out by the appointed external auditors.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme hence:

The liabilities of the LGPS attributable to GCC are included in the balance sheet on an actuarial basis, using the projected unit method, i.e.: an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumption about mortality rates, employee turnover rates, etc. and projected earnings of employees.

Liabilities are discounted to their value at current prices, using a discount rate that is based upon indicative rate of return on a high rated corporate bond equivalent to the Scheme's liabilities.

The Assets of the LGPS attributable to GCC are included in the balance sheet at their fair value.

The Change in net pensions liability is analysed into the following components:

Service Costs comprising:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year is allocated in the CIES to the services for which the employees worked.
- Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years is debited to the Surplus or Deficit on the provision of Services in the CIES.

Net Interest on the net defined benefit liability (asset), i.e. net increase expense for GCC – the change during the period in the net defined benefit liability (asset) arises from the passage of the time charged to the Financing and Investment Income and Expenditure line of the CIES this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- **Remeasurements comprising:**

The return on plan assets – excluding amounts included in the net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Actuarial gains and losses – changes in the net pensions liability that arise because events have coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the Gloucestershire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by GCC to the Pension Fund or directly to the pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions

Reserve to remove notional debits and credits for retirement benefits and replace them with debits for cash paid to the Pension Fund and Pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension 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 earned by employees.

- **Discretionary Benefits**

GCC has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise because 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.

- **Firefighter's Pension Schemes**

The Firefighter schemes are unfunded defined benefit schemes administered by GCC. There are no assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Annual pension costs are met from defined employee contributions and charges to the Fire and Rescue Service revenue account. The accounting for these schemes complies with the Code, and the IAS19 adjustments are detailed in the notes to the accounts.

- **Teachers' Pension Scheme**

The Teachers Pension Scheme is an unfunded, multi-employer defined benefit pension scheme. GCC is unable to identify its share of the underlying assets and liabilities of the scheme. In compliance with the Code, GCC is reporting the Scheme as if it were a defined-contribution scheme.

- **NHS Pension Scheme**

The NHS Pension Scheme is an unfunded, multi-employer defined benefit pension scheme. GCC is unable to identify its share of the underlying assets and liabilities of the scheme. In compliance with the Code, GCC is reporting the Scheme as if it were a defined-contribution scheme.

### **Exceptional Items**

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

### **Financial Instruments**

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments. The term financial instrument covers both financial assets and liabilities.

All financial instruments held by GCC are reviewed in accordance with the Code. Arrangements to establish the subsequent carrying value and recognition of any gains and losses, and accounting entries are made as applicable. All adjustments are detailed in the notes to the accounts.

- **Financial Liabilities**

A financial liability is an obligation to transfer economic benefits controlled by GCC and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to GCC. Financial liabilities are recognised on the Balance Sheet when GCC 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 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 GCC 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.

Regulations allow the impact on the General Fund balance of premiums and discounts from the restructure of debt, to be spread over future years. GCC has a policy of spreading the gain or loss over the term remaining on the loan against which the premium was payable or the discount receivable. 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 Instruments Adjustment Account in the Movement in Reserves Statement.

- **Financial Assets**

A financial asset is a right to future economic benefits controlled by GCC that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to GCC. The financial assets held by GCC during the year are accounted for under the following classifications:

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

GCC'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).

GCC's Strategic Pooled Funds are considered to be long term investments as GCC intends to hold these instruments for a minimum of five years. Funds are reviewed prior to year end to ensure this policy remains appropriate. If a fund is deemed to be matured within the next financial year it will be treated as a short-term investment.

- **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when GCC 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 GCC, 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.

- **Expected Credit Loss Model**

GCC recognises expected credit losses on all of its financial assets held at amortised cost where material, 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 GCC.

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

- **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when GCC becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that GCC can

access at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

- **Financial Assets Measured at fair value through other comprehensive income (FVOCI)**

Financial assets that are measured at FVOCI are recognised on the balance sheet when GCC becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

GCC irrevocably elected to present changes in the fair value of the following equity investments in other comprehensive income as permitted by IFRS 9:

- Fundamentum Real Estate Investment Trust

### **Foreign Currency Translation**

GCC does not generally deal in transactions denominated in a foreign currency, but when transactions do take place in foreign currency, they are converted into sterling at the exchange rate applicable when the transaction took place.

Any assets or liabilities held in foreign denominations at the balance sheet date are reconverted at the spot rate applicable at the balance sheet date. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

### **Government Grants and Contributions**

Revenue grants received are credited to the CIES and are accounted for on an accrual's basis when the conditions for their receipt have been met, and there is reasonable assurance that the grant or contribution will be received. Specific grants are credited to the Cost of Services, whilst grants received to cover general expenditure are credited to the Taxation and Investment Income line of the CIES.

Monies advanced as grants and contributions where conditions attached 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 or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where GCC has met all conditions attached to capital grants and contributions, the income is credited to the CIES. This income is 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.

### **Intangible Assets**

Intangible assets are non-current assets that do not have physical substance but are identifiable and are controlled by GCC through custody or legal rights. GCC's intangible assets consist of purchased software licenses which are capitalised at cost.

### **Inventories and Work in Progress**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Certain stocks have not been valued (e.g. office stationery).

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

### **Joint Operations**

Jointly controlled operations are activities undertaken by GCC in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate

entity. GCC recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs, debiting and crediting the CIES accordingly with the appropriate share of income and expenditure related to the activity of the operation.

- **Better Care Fund & Pooled Budget Arrangements**

There is a Section 75 joint agreement relating to the commissioning of health and social care services in Gloucestershire, which includes The Better Care Fund. It is a joint budget arrangement between GCC and the Integrated Commissioning Board. Within the Section 75 agreement there are budgets controlled by the Integrated Commissioning Board, budgets controlled by GCC, pooled budgets (jointly controlled) and aligned budgets.

Where services are controlled by GCC, the income and expenditure is reflected within the Net Cost of Services in the CIES. This also includes GCC's proportion of jointly controlled budgets. Where services are hosted by GCC, but controlled by the Integrated Commissioning Board, the income and expenditure is not reflected in GCC's accounts.

## **Leases**

### **GCC as Lessor**

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

- **Finance Leases**

Where GCC grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the start of the lease, the carrying amount of the assets in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. The gain credited to the CIES 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.

- **Operating Leases**

Where GCC grants an operating lease over PPE, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease.

### **GCC as Lessee**

From 1 April 2024, most lease contracts are recognised on the Statement of Financial Position as right-of-use assets and lease liabilities. For leases previously classified as operating leases, the lease cost changes from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and an interest expense on the lease liability.

IFRS 16 changed the definition of a lease compared to IAS 17 and IFRIC 4. GCC will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing arrangements contain a lease.

## **Non-Current Asset Measurement**

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. GCC does not capitalise borrowing costs incurred whilst assets are under construction.

From 1 April 2025, the Code requirements changed in respect of revaluations of property, plant and equipment. Revaluation of GCC's land and building assets is undertaken using a four-year rolling programme with annual indexation applied to assets during the intervening years. This ensures all assets are revalued at least every 5 years, meeting the CIPFA Code requirements. This rolling programme will be kept under review to ensure it remains appropriate.

Valuations are coordinated internally by GCC's Strategic Property Manager in Asset Management & Property Services, with valuations carried out through a combination of GCC's internal valuers and, where

necessary, external valuers (RICS qualified). The Strategic Property Manager ensures all valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Non-operational PPE, classified as surplus assets, are now measured at fair value estimated at highest and best use from a market participant's perspective, in accordance with the Code, following the adoption of IFRS 13.

When asset values rise above the amount at acquisition, we add the difference to the Revaluation Reserve. When asset values go down, the reduction is charged to any available Revaluation Reserve balance held for that asset, with the remainder being charged to the relevant service line in the CIES. This charge is then reversed out in the MIRS so that there is no impact on council tax.

### Impairment

Assets are assessed at 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 in the following way:

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 CIES.

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

### Depreciation and Amortisation

All PPE with a finite useful life (determined at the time of purchase or revaluation) are reduced in value (depreciated) using the straight-line method according to the following rates:

Buildings	Permanent	Up to 60 years
	Leased	Period of lease
Infrastructure	Roads and street lighting	18 - 25 years
	Bridges	120 years
	Permanent flood defences	Up to 100 years
	Footpaths and footbridges	25 years
	Vehicles, plant, furniture, and equipment	Up to 25 years

Intangible assets are amortised over their useful economic lives using the straight-line method as shown below:

Purchased software licenses Up to 20 Years  
Internally developed software Up to 10 Years

- **Depreciation calculation**

Assets which are bought from a third party are depreciated for a full year in the year after the year of purchase. All other assets created as a result of capital expenditure during the year are depreciated for a full year in the year after the year of purchase on the following basis:

- Land is not depreciated.
- Heritage Assets are not depreciated.
- Assets under construction, being capital works in progress where the uncompleted asset does not have a material benefit to GCC, are not depreciated.
- Where an item of PPE has major components, whose cost is significant in relation to the total cost of the item the components are depreciated separately. All assets over £1m are considered for

componentisation. If on consideration a component is assessed to have a substantially different economic useful life and to be greater than 25% of the total cost of the asset, it is componentised and depreciated separately. The basis for depreciation for any componentised asset is assessed on an individual basis and applied accordingly over the life of the asset. Components that are individually less than 25% of the total cost of the asset are not treated as separate components for accounting purposes.

- Revaluation gains are 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.
- Surplus Assets, held for disposal (up to 99 years) are not depreciated.

### **Infrastructure Assets recognition and measurement**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to GCC and the cost of the item can be measured reliably.

Highways network infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland], [1996 Wales] which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

- **Infrastructure Assets disposals and derecognition**

When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES, 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).

The written-off amounts of disposals are 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 transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where a part of the network is replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

### **Accounting for Schools**

In determining these accounting policies, GCC has considered the treatment of land and buildings separately and referred to the requirements and considerations within the following publications and standards:

- The Code.
- IFRS 10 Consolidated Financial Statements.
- IAS 16 Property, Plant and Equipment as adopted by the Code.
- The IASB Conceptual Framework on Local Authority Reporting.
- IFRS 16 Leases
- IFRS16 Maintained Schools Finance Lease Class Consent 2024
- The Education Act.
- The School Standards and Framework Act.

The Code concluded that schools are separate entities and that under IFRS 10, maintained schools (but not free schools or academies) meet the definition of entities controlled by local authorities which should be consolidated in group accounts. However, rather than requiring local authorities to prepare group accounts, the Code requires local authorities to account for maintained schools within their single entity accounts. This includes school income and expenditure as well as assets and liabilities.

Maintained schools' assets held under finance lease arrangements, where material, are recognised within GCC's accounts in accordance with the Code and IFRS 16.

From 1st April 2024 IFRS 16 leases ended the distinction between operating and finance leases for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent, however governing bodies do not need to make a specific request for consent where a lease falls under the general consent granted by the Secretary of State for Education. The types of assets granted general consent is listed in 'The IFRS16 Maintained Schools Finance Lease Class Consent 2024' document. Any leased assets not included in the document will need to be submitted to the Secretary of State for Education for consent. These may include leases relating to land and buildings.

- **Academies and Free Schools**

These are owned and managed completely independently of GCC with all funding apart from high needs top up funding being provided directly by central government. GCC has granted long leases as part of the Academies transfer which includes a peppercorn rent, the Net Present Value (NPV) of future minimum lease payments will be nil, and the finance lease receivable will be nil.

No revenue or capital amounts are therefore recognised in GCCs accounts for these entities.

No adjustment is made in GCC's financial statements for maintained schools that are in the process of conversion as it is still possible for them to pull out of the conversion process. Their assets are therefore treated and recognised on the basis explained under the maintained schools' section below until the actual conversion date. This means assets of schools converting on a 1st April date are still recognised in the previous financial year's statements.

- **Maintained Schools**

Locally maintained schools consist of the following type of schools: Community, Voluntary Aided, Voluntary Controlled and Foundation Schools.

All locally maintained schools are deemed to be entities controlled by GCC. For this reason, schools' transactions (i.e. income, expenditure, assets, liabilities, reserves, and cash flows) that would be recognised by a 'school as an 'entity' are consolidated into GCC's SoAs. A 'school as an entity' should be understood to mean the management of the school (i.e. the governing body, including the head teacher, and the resources controlled by the school management).

This means that, for all locally maintained schools, GCC recognises:

Their income and expenditure in the CIES (within the Children's and Education Services line) in accordance with accounting policy on accruals of income and expenditure. Any unspent resources held by Schools within an earmarked revenue reserve, in line with GCC's reserves policy. Their land and building current assets and liabilities within the Balance Sheet, under the appropriate heading and in accordance with GCC's accounting policies specific to that asset/ liability.

With regard to PPE, GCC recognises the assets of locally maintained schools in its financial statements if, and only if:

- As a result of a past event, it is probable that the future economic benefits or service potential associated with the items will flow to GCC and/or to a 'school as an entity'.
- The costs of the item can be measured reliably.

Although there are cases where a maintained school's land and building assets are not legally owned by GCC, and the owning entity has the right to take them back (described by CIPFA as "mere licences"), we are unaware of any instances where this right has been exercised. There is therefore an expectation of continued use of both land and building assets for the provision of education through the school. In a number of cases GCC has also incurred capital costs on the school buildings and there is an expectation within education regulations that where this is the case a period of notice would need to be given if the owning entity wanted to take back the land or buildings.

Even in cases where GCC does not actually own the freehold of Voluntary Aided, Voluntary Controlled

and Foundation schools through legal title itself, GCC retains a residual interest in the proceeds on disposal of land or buildings of any Voluntary Aided school, Voluntary Controlled school, and Foundation School under the provisions of Schedule 22 of the School Standards and Framework Act 1998.

The local authority (in so far as their powers enable them to do so) have a duty to contribute towards the spiritual, moral, mental, and physical development of the community by securing that efficient primary education, secondary education and further education are available to meet the needs of their area.

The local authority also has the right to remove delegated powers from a maintained school where it is deemed necessary due to mismanagement, or to safeguard the pupils.

The above examples clearly show that all maintained schools contribute towards meeting GCC's service objectives and that GCC is involved in the control of those schools, and they should therefore form part of our SoAs.

Land and buildings of Voluntary Aided, Voluntary Controlled and Foundation Schools are recognised in GCC's SoAs.

<b>2024/25</b>		<b>2025/26</b>
Number of Schools	<b>Maintained Schools included in the Fixed Asset Register</b>	Number of Schools
2	Alternative Provision Schools	2
76	Community Mainstream Schools	76
4	Community Special Schools	4
17	Foundation Schools	17
26	Voluntary Aided Schools	25
36	Voluntary Controlled Schools	36
<b>161</b>	<b>Total on Balance Sheet</b>	<b>160</b>
	<b>Academies and Free Schools not included in the Fixed Asset Register</b>	
31	Academies Sponsor Led	30
94	Academy Converters	95
1	University Technical College	1
3	Academy Special School Converters	3
3	Academy Special Schools Sponsor Led	3
1	Free Alternative Provision Schools	1
2	Free Special Schools	2
4	Free Mainstream Schools	4
<b>139</b>	<b>Total off Balance Sheet</b>	<b>139</b>
<b>300</b>	<b>Total Maintained Schools, Academies and Free Schools</b>	<b>299</b>

#### **Private Finance Initiative (PFI) scheme**

PFI contracts are agreements to receive services, where responsibility for making available the PPE needed to provide the services passes to the PFI contractor. Where GCC is deemed to control the services ownership of the PPE will pass to GCC at the end of the contract. GCC carries the PPE used under the contracts on the Balance Sheet.

With effect from 1 April 2024, IFRS 16 applies to service concession arrangements including PFI and similar schemes. Under IFRS 16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

PFI lease liabilities have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures. The original recognition of the PPE is balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.

PPE recognised on the Balance Sheet are valued and depreciated in the same way as other assets owned by GCC. Services received under the contract are recorded under the relevant expenditure headings as operating expenses.

### **Provisions**

Provisions are made where an event has taken place that gives GCC a legal or constructive obligation which 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. In these instances, services have been charged expenditure in anticipation of the liability having been met. 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 and 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.

A specific bad debt provision is estimated by considering the probability of recovery of individual debtor invoices. The specific provision is based upon all known information about the debtor including financial position of the debtor, the age of the invoice and current credit control status of the invoice.

### **Reserves**

In addition to its general revenue balances, GCC has maintained specific reserves for future expenditure and to protect against unexpected events. These are created by transferring amounts out of the general fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and included within the reported surplus or deficit on the provision of services in the Comprehensive Income & Expenditure Statement. The reserve is then transferred back into the general fund balance, through the movement in reserves statement, so that there is no net charge against council tax for the expenditure.

Earmarked reserves include grant reserves which have been recognised as income due to the lack of technical grant conditions. However, such grants are ring-fenced for a specific purpose and will only be available to use in line with purpose set for each specific grant.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement, and employee benefits. These reserves do not represent usable resources to GCC and are explained further in the appropriate policies and notes to the accounts.

### **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year which may be capitalised under statutory provisions but that does not result in the creation or enhancement of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where GCC has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made which reverses out the amounts charged so that there is no impact on the level of Council Tax.

### **Service Concessions**

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The recognition point is the same as for assets under construction, when it is probable that future economic benefits associated with the asset will flow to the organisation and the cost of the asset can be reliably measured.

### **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.

#### 40. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires consideration of the impact of standards that have been issued but not yet adopted. This is to enable users to evaluate the risk of these new standards on GCC's current financial position.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

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

CIPFA have stated that it is likely there will be limited application of items a) to d), although GCC will review the individual circumstances in case any of these standards apply. Further details on these changes to the Code can be found in the 2026/27 Code Consultation, and GCC will review and respond accordingly.

## 41. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out, GCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the SoAs are:

GCC recognises school land and buildings for Community Schools, Voluntary Controlled, Voluntary Aided and Foundation Schools on its Balance Sheet at the 31st of March, where it is probable that the future economic benefits or service flow to GCC, and costs can be measured reliably.

GCC has not recognised assets relating to Academies, as it is of the opinion that these assets are not controlled by GCC. School assets are recognised as a disposal from GCC's Balance Sheet on the date on which a school converts to Academy status, not on the date of any related announcement, nor is any impairment recognised by GCC prior to conversion.

GCC has applied the existing use value (EUV) as opposed to the depreciated replacement cost (DRC) method of valuation to value Shire Hall. This treatment is reviewed annually (including valuation methodology and reasoning) to ensure it is applicable.

Under IFRIC 14 a defined benefit liability is calculated as the net total of the present value of the defined benefit obligation minus the fair value at the end of the reporting date of the plan assets. If the fair value of the plan assets exceeds the calculated obligations (an asset), IAS 19 contains a restriction over the amount of the asset that can be recognised. In effect it requires a calculation of the 'Asset Ceiling' this being based on the future current and past service costs less expected contributions. GCC has commissioned the actuary to carry out this calculation for us and the result was that there was an asset ceiling of £622,378 million to be applied for 2025/26 (£595.603 million in 2024/25).

Lender Option Borrower Option (LOBO). A LOBO is a type of loan instrument where borrowing is undertaken, initially at a fixed rate of interest. Periodically, at specific points, the lender has the option to alter the interest rate charged. Should the lender exercise the option to alter the interest rate, the borrower then has the option to continue with the loan instrument at the new rate or alternatively to terminate the agreement and pay back the sum borrowed with no other penalty.

GCC currently have LOBO arrangements totalling £22.05 million and these provide the lender the option to amend the interest rates every 6 months. GCC has reviewed the classification of these arrangements and liaised with our treasury advisors on the appropriate classification. With elevated rates and a potential bank rate increase on the horizon the chances of a call are more probable than before. As the lender has the right to demand repayment on the call date, GCC considers that sufficient doubt remains over the call of these options. To ensure sufficient liquidity is available, these loans are continued to be classified as short-term loans within the financial statements.

## 42. Assumptions made about the future and other major sources of estimation uncertainty

In preparing the accounts there are areas where estimates are used. These include:

- Useful life and valuations of properties, which are estimated by qualified valuers.
- Fair values of financial assets and liabilities, which are estimated by our treasury advisors.
- Provisions, which are estimated using latest available information.
- Bad debt levels, which are estimated using past trends and experience.
- The liability for future pension payments, which are estimated by qualified actuaries.

The items for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property, Plant and Equipment – (Funding Implications)**

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 GCC will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances. A 20% increase in the annual depreciation charge for building assets would currently equate to £15 million. A variation of 5% in the value of GCC's Land & Building assets (Net Book Value at 31 March 2026 of £978 million) would be approximately £49 million.

A reduction in the estimated valuations would result in a reduction to the Revaluation reserve and/or a loss charged to the CIES.

An increase in estimated valuation would result in the reversal of any negative revaluation previously charged to the CIES and/or increase to the Revaluation reserve and/or gains charged to the CIES.

- **Pensions**

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates 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 GCC with expert advice about the assumptions to be applied. Details of the effect of any such changes are provided within Note 30.



# **Statement of Accounts 2025-26**

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## Gloucestershire Pension Fund

Fund Account for the year ended 31<sup>st</sup> March 2026

2024/25		2025/26	Note
£'000		£'000	
	<b>Contributions</b>		
-111,550	employer contributions	-116,060	N18
-26,699	member contributions	-28,619	N18
-138,249		-144,679	N7
	<b>Transfers in from other pension funds</b>		
-17,483	individual transfers from other schemes or funds	-20,474	
-	group transfers from other schemes or funds	-	
-17,483		-20,474	N28
	<b>Other income</b>		
-234	recoveries for services provided	-228	N20
	<b>Benefits</b>		
100,073	pensions	105,172	N30
19,974	commutation of pensions and lump sum retirement benefits	20,807	
3,375	lump sum death benefits	3,430	
123,422		129,409	N7
	<b>Payments to and on account of leavers</b>		
562	refunds to members leaving scheme or fund	539	
-9	payments for members joining state scheme or fund	-3	
14,999	individual transfers to other schemes or funds	12,504	
-	group transfers to other schemes or funds	-	N28
15,552		13,040	
-16,992	<b>Net (additions) / withdrawals from dealings with members</b>	-22,932	
32,970	<b>Management Expenses</b>	34,734	N20
15,978	<b>Net (additions) / withdrawals including fund management expenses</b>	11,802	
	<b>Returns on investments</b>		
-31,258	Investment income	-37,044	N13
5	Taxes on income	-	N3 & N13
-153,530	Profit(-) and losses on disposal of investments and changes in market value of investments	-346,685	N4 & N27a
-184,783	<b>Net returns on investments</b>	-383,729	
-168,805	<b>NET INCREASE (-) / DECREASE IN THE NET ASSETS AVAILABLE FOR BENEFITS DURING THE YEAR</b>	-371,927	
3,421,630	<b>Opening net assets of the scheme</b>	3,590,435	
3,590,435	<b>Closing net assets of the scheme</b>	3,962,362	

## Gloucestershire Pension Fund

### Net Assets Statement as at 31<sup>st</sup> March 2026

2024/25		2025/26	Note
£'000		£'000	
<b>Investment assets</b>			
3,512,872	Pooled investment vehicles	<b>3,915,803</b>	N10
206	Derivative contracts	<b>88</b>	N2 & N15
-	Loans	-	
3,074	Other investments - Venture Capital/Private Equity	<b>3,071</b>	
39,673	Cash held on behalf of the investment managers	<b>26,737</b>	N25
15,752	Other investment balances	<b>12,442</b>	
3,571,577		<b>3,958,141</b>	N12
<b>Long term investment assets</b>			
750	Brunel Pension Partnership Ltd.	-	
750		-	
<b>Investment liabilities</b>			
-1,895	Derivative contracts	<b>-11,004</b>	N2 & N15
-717	Other investment balances	<b>-13,133</b>	
-2,612		<b>-24,137</b>	N12
3,569,715	<b>Total net investments</b>	<b>3,934,004</b>	
<b>Long term assets</b>			
114	Contributions due from employers	-	
114		-	N12 & N22
<b>Current assets</b>			
6,763	Contributions due from employers	<b>6,357</b>	
444	Other current assets	<b>816</b>	
-	Payments in advance	-	
15,657	Cash balances	<b>23,742</b>	N2, N21, N25
22,864		<b>30,915</b>	N12 & N22
<b>Current liabilities</b>			
-43	Unpaid benefits	<b>-76</b>	
-2,214	Other current liabilities	<b>-2,460</b>	
-1	Receipts in advance	<b>-21</b>	
-2,258		<b>-2,557</b>	N12 & N23
3,590,435	<b>Net assets of the scheme available to fund benefits at the reporting period end</b>	<b>3,962,362</b>	N4, N5, N12 & N16

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end but rather summarise the transactions and net assets of the scheme.

The actuarial present value of promised retirement benefits is disclosed at Note 24.

The notes on the following pages form part of these Financial Statements.

## **Gloucestershire Pension Fund**

### **Notes to the Pension Fund Accounts**

#### **N1. Introduction**

The County Council is the administering body for the Gloucestershire Pension Fund which is a contributory defined benefit scheme. This is not only for County Council employees but also for District Councils within the County and other local bodies providing public services. A full list of all employing bodies who are members of the Fund are shown in the Pension Fund's Annual Report alongside the detailed accounts of the Gloucestershire Pension Fund.

The Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended)

The Fund exists to provide pensions and certain other benefits to former employees. The Pension Fund is not a Gloucestershire County Council fund and is subject to its own audit; therefore, balances are not included in the Gloucestershire County Council Consolidated Balance Sheet. The Fund is administered by the Pension Committee, which is a committee of Gloucestershire County Council. The Pension Board was set up with effect from the 1st April 2015 to assist the Pensions Committee in securing compliance with the relevant laws and Regulations and to help the Pension Committee ensure the effective and efficient governance and administration of the Fund.

#### **Membership Breakdown**

Membership of the Local Government Pension Scheme is voluntary, and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Fire fighters, police and teachers have their own separate nationally administered schemes.

Membership details are set out below:

	<b>31st March 2025</b>	<b>31st March 2026</b>
Number of employers	231	<b>239</b>
<b>Number of employees in the scheme</b>		
County Council	9,506	<b>10,083</b>
Other employers	10,497	<b>10,586</b>
	<hr/> 20,003	<hr/> <b>20,669</b>
<b>Number of pensioners</b>		
County Council	12,127	<b>12,720</b>
Other employers	8,703	<b>9,261</b>
	<hr/> 20,830	<hr/> <b>21,981</b>
<b>Deferred pensioners*</b>		
County Council	13,214	<b>12,182</b>
Other employers	10,806	<b>10,675</b>
	<hr/> 24,020	<hr/> <b>22,857</b>
<b>Total number of members in pension scheme</b>	<hr/> 64,853	<hr/> <b>65,507</b>

\* Previously unprocessed leavers were included with undecided leavers, unprocessed leavers are now included with deferred pensioners, and the 2024-25 figures have been amended to reflect that change.

\* In addition, to the membership numbers above, there were 4,781 (5,099 2024/25) undecided leavers.

Undecided leavers are those members who are no longer accruing service and to whom a refund of contributions or transfer out may be due.

## Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31st March 2026. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31st March 2025 and will take effect from the 1st April 2026. When setting contribution rates, the actuary takes into account the funding target, the time horizon over which the funding target is to be achieved and the strength of the employer covenant; further information can be found within the Fund's Funding Strategy Statement. During 2025/26 employer contribution rates ranged from 0% to 40.0% of pensionable pay.

## Benefits

Prior to 1st April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1st April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the Fund's website - see [www.gloucestershirepensionfund.org.uk](http://www.gloucestershirepensionfund.org.uk).

## **N2. Summary of significant accounting policies**

### **Basis of preparation**

The Statement of Accounts summarises the Fund's transactions for the 2025/26 financial year and its position at year end as at 31st March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts summarise the transactions of the Fund and reports on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial value of promised retirement benefits, valued on an International Accounting Standard (IAS19) basis, is disclosed at Note N24 of these accounts. The accounts are prepared on a going concern basis.

### **Critical judgements in applying accounting policies**

The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The critical judgement is made by senior management of the Pension Fund, with advice from the actuary, of the assumptions to be used in the valuation but because they are assumptions, they could be a source of estimation uncertainty and are also covered in the following section. The Pension Fund Liability is subject to significant variances based on changes to the underlying assumptions and these have been summarised in Note N24.

These actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies.

### **Assumptions made about the future and other major sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end-date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates. Income and expenditure have been accounted for on an accrual's basis.

The items within the Financial Statements as at 31st March 2026, for which there is a significant risk of material adjustment in the forthcoming year, are highlighted below:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 24)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied	The effects on the net pension liability of changes in the individual assumptions have been disclosed within Note 24.
Private Equity, Infrastructure and Private Debt Note 26	Private equity, Infrastructure and Private Debt are valued at fair value in accordance with International Private Equity and Venture Capital Valuation guidelines. Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Those investments where at least one input that could have a significant effect on the valuation is not based on observable market data is classed at level 3 in the Fair Value Hierarchy. Private Equity, Infrastructure and Private Debt investments classed as level 3 total £473.937m. The Fund has determined that the valuation methods used are likely to be accurate to within the ranges set out in the Sensitivity of Assets valued at Level 3 table within Note 26. This table also sets out the consequent potential impact on the closing value of investments held at 31st March 2026.
Pooled Property Funds Note 26	Pooled Property Funds are valued in accordance with Royal Institution of Chartered Surveyor's standards and fair value processes driven by International Private Equity and Venture Capital Valuation guidelines. Some Property Pooled Funds are not publicly listed or have redemption restrictions and as such there is a degree of estimation involved in the valuation.	Those investments where at least one input that could have a significant effect on the valuation is not based on observable market data is classed at level 3 in the Fair Value Hierarchy. Pooled Property Funds classed as level 3 total £180.819m. The Fund has determined that the valuation methods used are likely to be accurate to within the ranges set out in the Sensitivity of Assets valued at Level 3 table within Note 26. This table also sets out the consequent potential impact on the closing value of investments held at 31st March 2026.

## **Revenue and expense recognition**

### **Contribution income**

Contributions have been accounted for on an accruals basis where amounts due have been determined in time for inclusion in the accounts. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Employer deficit contribution lump sum payments are accounted for in the year the payment is made. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

### **Benefits payable and refunds of contributions**

Benefits payable and refunds of contributions have been brought into the accounts on the basis of all valid claims approved during the year.

### **Transfers to and from other schemes**

Individual transfer values are accounted for when they are paid or received. Bulk transfer value calculations are made towards the end of the bulk transfer process and based on payment being made on a specific day. Bulk transfer values are accrued when the value has been determined.

### **Management expenses**

Pension Fund expenses have been accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs. A more detailed breakdown of management expenses can be found in Note 20.

#### **a) Investment management expenses**

Investment Management Expenses is comprised of expenses which are incurred in relation to the management of pension fund assets. Broadly, these are based on the market value of the investments in the investment manager's portfolio and therefore increase or reduce as the value of these investments change. Where an investment manager's fee has not been received by the reporting period end date, an estimate based upon the market value of the mandate at the end of the reporting period has been used. Where fees are netted off investment market values by investment managers, these expenses are grossed up to increase the change in value of investments. Identification of management fees is undertaken within the Cost Transparency Initiative reporting framework.

Fees due under the Blackrock Currency Hedge Fund are paid quarterly based on the valuation of assets held and have been accrued. Technology Venture Partners (TVP) deducts its fees from the value of the assets under their management. Fees for TVP have not been included as they are the legal responsibility of the managers and not the Fund. Management costs for Arcmont are deducted from distributions. Brunel's investment managers, Blackrock Liquidity Sleeve, Golub, Gresham House, Octopus, Resonance and Schroders Greencoat Wessex Gardens deduct their fees from the value of the pooled funds under their management. The investment manager responsible for Brunel's passive global equity pooled fund and a property pooled fund redeems units to cover their fees and all these fees have also been included within Investment Management Expenses.

#### **b) Acquisition and transaction costs of investments**

Acquisition costs of investments and transaction costs are included within Investment Management Expenses with a corresponding offset against Profit on Disposal of Investments. In addition to the transaction costs disclosed, indirect costs are incurred through the bid/offerspread on investments within pooled investment vehicles. A more detailed breakdown of management expenses, including transaction costs, can be found in Note 20.

c) Administration expenses

All administrative expenses are accounted for on an accrual basis. All staff costs associated with administration is charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. Further information on administrative expenses can be found in Note 20.

d) Oversight & governance expenses

All Oversight and Governance expenses are accounted for on an accrual basis. All staff costs associated with Oversight and Governance is charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of investment advice from external consultants is included in Oversight & Governance. Further information on Oversight and Governance expenses can be found in Note 20.

**Investment Income**

Dividends are accounted for when the holding is declared ex-dividend. Any amount not received by the end of the reporting period is recognised as a current financial asset. Investment income arising from the underlying investments of Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicle and reflected in the unit price.

**Cash and cash equivalents**

Cash comprises cash in hand (bank) and demand deposits (money market funds) which also includes amounts held by the Fund's custodian on behalf of its investment managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Cash balances held in accordance with the County Councils' Treasury Management Strategy and those held with the Fund's custodian, State Street Bank & Trust Company, on behalf of investment managers, are in instant access accounts.

**The Actuarial Present Value of Promised Retirement Benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards.

As permitted under the Code, the Fund has included a note disclosing the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement in Note 24.

**Contingent assets and contingent liabilities**

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Asset Statement but are disclosed by way of narrative in the notes.

## Valuation of assets

The SORP requires securities to be valued on a Fair Value Basis therefore assets and liabilities, where there is an active and readily available market price, are valued at the bid price. Where assets do not actively trade through established exchange mechanisms, a price is obtained from the manager of the investment asset through their quarterly reports. Further details of their approach to establishing fair value can be found within Note 26, Basis of Valuation table. Any amounts due or payable in respect of trades entered into but not yet completed at 31st March each year, accrued dividend income. Fund debtors and creditors and cash and cash instruments are accounted for as financial instruments held at amortised cost. Investments held in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2026. Purchases and sales during the year which require settlement in a foreign currency are converted from/to sterling at the exchange rate prevailing on the trade date. Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is re-invested in the fund, net of applicable withholding tax.

The Pooled Property Investments are independently valued either in accordance with the Royal Institute of Chartered Surveyors valuation standards or by a fair value process driven by International Private Equity and Venture Capital Valuation guidelines. Private Equity and Infrastructure funds are valued using the latest financial statements published by the respective fund managers and in accordance with the International Private Equity and Venture Capital Guidelines. The valuation standards followed by the managers are in accordance with the industry guidelines and the constituent management agreements. Such investments may not always be valued on year end valuation as information may not be available and therefore will be valued based on the latest valuation provided by the managers adjusted for movements to the year end.

A detailed breakdown of investments can be found under Note 12.

Financial assets are included in the financial statements on a fair value basis at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from the changes in the fair value of the asset are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 26). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association).

Gloucestershire Pension Fund together with nine other shareholders each hold a 10% share in Brunel Pension Partnership Ltd (company number 10429110). As such, no fund is deemed to have a significant influence. The asset was initially measured at cost and given the pending closure of Brunel, and the current uncertainty of associated costs, the value of this shareholding has been written down to zero within the 2025-26 accounts.

The accounts for the year ended 31st March 2026 use the valuations for the Fund's assets based on the figures provided by the Fund's custodian, State Street Bank & Trust Company.

## Derivatives

Derivative contracts are valued at fair value and are determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract.

Derivative contract assets, those with a positive value, are valued at bid price and derivative contract liabilities, those with a negative value, are valued at the offer price. The amounts included in change in market value are the realised gains and losses on closed derivatives contracts and the unrealised gains and losses on open derivatives contracts.

## N3. Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and is exempt from UK capital gains tax on the proceeds of investments sold and UK income tax on interest received. Corporation Tax is deducted from UK equity dividends; tax deducted from property unit trusts can be reclaimed. Withholding tax is payable on income from overseas investments. This tax is recovered wherever local tax laws permit.

## N4. Investment movements summary

### 2025/26

Asset Class	Market Value at 31 <sup>st</sup> March 2025 £'000	Purchases during the year at cost and derivative £'000	Sales proceeds during the year and derivative receipts £'000	Change in market value during the year £'000	Market Value at 31 <sup>st</sup> March 2026 £'000
Pooled Investments	3,512,872	431,817	-366,104	337,218	3,915,803
Private Equity/Venture Capital	3,074	-	-	-3	3,071
	3,515,946	431,817	-366,104	337,215	3,918,874
Derivative contracts:					
Forward currency contracts	-1,689	77,593	-96,956	10,136	-10,916
	-1,689	77,593	-96,956	10,136	-10,916
Long term investment assets					
Brunel Pension Partnership Lt	750	-	-	-750	-
	750	-	-	-750	-
Net Investment Assets	3,515,007	509,410	-463,060	346,601	3,907,958

In addition to the investments there was £54,404k (£75,428k 2024/25) in cash, cash equivalents and accruals. Cash movements, currency adjustments and other end of year settlements totalled £84k (-£175k 2024/25). As a result, the total profit (-) and losses on disposal of investments and changes in market value of investments was -£346.7m (-£153.5m 2024/25).

### 2024/25

Asset Class	Market Value at 31 <sup>st</sup> March 2024 £'000	Purchases during the year at cost and derivative £'000	Sales proceeds during the year and derivative receipts £'000	Change in market value during the year £'000	Market Value at 31 <sup>st</sup> March 2025 £'000
Pooled Investments	3,382,846	110,463	-110,310	129,873	3,512,872
Private Equity/Venture Capital	2,695	-	-100	479	3,074
	3,385,541	110,463	-110,410	130,352	3,515,946
Derivative contracts:					
Forward currency contracts	-1,156	65,630	-89,488	23,325	-1,689
	-1,156	65,630	-89,488	23,325	-1,689
Long term investment assets					
Brunel Pension Partnership Lt	722	-	-	28	750
	722	-	-	28	750
Net Investment Assets	3,385,107	176,093	-199,898	153,705	3,515,007

In addition to the investments there was £75,428k (£36,523k 2023/24) in cash, cash equivalents and accruals. Cash movements, currency adjustments and other end of year settlements totalled -£175k (-£78k 2023/24). As a result, the total profit (-) and losses on disposal of investments and changes in market value of investments was -£153.5m (-£344.7m 2023/24).

The change in market value of investments comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The closing market value of the derivatives in the previous tables represents fair value as at the year-end date. In the case of derivative contracts, which are traded on exchanges, this value is determined using exchange prices at the reporting date. Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date and entering into an equal and opposite contract as at that date. The profit or loss arising is included within the cash and accruals figure.

All derivative contracts settled during the period are reported within the table as purchases and sales.

## N5. Management of fund assets

The market value of investments managed by each external manager at the end of the financial year was:

	2024/25		2025/26	
	£'000	%	£'000	%
<b>Investments managed by the Brunel regional asset pool</b>				
Brunel Global High Alpha Fund	498,856	13.9	<b>535,027</b>	<b>13.5</b>
Brunel ACS UK Equity Fund	407,390	11.3	<b>482,024</b>	<b>12.2</b>
Brunel Global Sustainable Fund	439,172	12.2	<b>472,750</b>	<b>11.9</b>
Legal & General Investment Management	388,098	10.8	<b>447,254</b>	<b>11.3</b>
Brunel Sterling Corporate Bonds Portfolio	369,954	10.3	<b>391,114</b>	<b>9.9</b>
Brunel Multi Asset Credit Portfolio	264,778	7.4	<b>280,133</b>	<b>7.1</b>
Brunel Private Equity and Infrastructure Portfolio	261,318	7.3	<b>275,703</b>	<b>7.0</b>
Brunel Emerging Equity Fund	209,257	5.8	<b>269,476</b>	<b>6.8</b>
Brunel Property Fund	275,385	7.7	<b>238,715</b>	<b>6.0</b>
Brunel Private Debt Fund	105,381	2.9	<b>115,416</b>	<b>2.9</b>
Brunel Diversifying Returns Fund	168,410	4.7	-	-
Cash, cash instruments and accruals with Brunel	40,560	1.1	<b>24,912</b>	<b>0.6</b>
Brunel Pension Partnership Ltd. (Shareholding)	750	0.0	-	-
	<b>3,429,309</b>	<b>95.4</b>	<b>3,532,524</b>	<b>89.2</b>
<b>Investments managed outside of the Brunel regional asset pool</b>				
BlackRock Investment Management (UK) Ltd.				
Liquidity Sleeve	-	-	<b>245,002</b>	<b>6.2</b>
Currency Hedge *	-1,689	0.0	<b>-10,915</b>	<b>-0.3</b>
	<b>-1,689</b>	<b>0.0</b>	<b>234,087</b>	<b>5.9</b>
Gresham House Specialist Investment	13,674	0.4	<b>46,912</b>	<b>1.2</b>
Schroders Greencoat Wessex Gardens L.P.	42,709	1.2	<b>40,031</b>	<b>1.0</b>
Golub Capital Partners International	33,895	0.9	<b>33,177</b>	<b>0.8</b>
Octopus Investments	5,393	0.2	<b>20,682</b>	<b>0.5</b>
Resonance Impact Investment Limited	14,250	0.4	<b>17,865</b>	<b>0.4</b>
Arcmont Asset Management Ltd.	14,952	0.4	<b>6,538</b>	<b>0.2</b>
Technology Venture Partners	3,074	0.1	<b>3,071</b>	<b>0.1</b>
	<b>126,258</b>	<b>3.6</b>	<b>402,363</b>	<b>10.1</b>
<b>Total - External Managers</b>	<b>3,555,567</b>	<b>99.0</b>	<b>3,934,887</b>	<b>99.3</b>
In-house cash and accruals	20,720	0.6	<b>28,358</b>	<b>0.7</b>
Cash instruments and accruals with Custodian	14,148	0.4	<b>-883</b>	<b>0.0</b>
	<b>3,590,435</b>	<b>100.0</b>	<b>3,962,362</b>	<b>100.0</b>

Where the value of an investment exceeds 5% of the total value of net assets, details have been disclosed in Note 16.

\* Blackrock provide currency hedging for the Fund, where a market value has a minus sign before it, this denotes an unrealised loss on the forward currency contracts at the year end.

## **N6. Actuarial position of the Fund**

- In line with the Local Government Pension Scheme Regulations, actuarial valuations of the Fund are required to be undertaken every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The valuation undertaken by Hymans Robertson LLP, the Funds actuary, as at 31st March 2022 established the minimum contribution payments for the three years until 31st March 2026. The next valuation, as at 31st March 2025, which sets contribution rates for the three year period from 1st April 2026 to 31st March 2029 has been completed.

The following has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2018.

### **Description of Funding Policy**

The funding policy is set out in the Fund's Funding Strategy Statement (FSS), dated February 2026.

In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the overall Fund
- to ensure the solvency of each individual employers' share of the Fund based on their expected term of participation in the Fund.
- to maximise the returns from investments within reasonable and considered risk parameters, and hence minimise the cost to the employer
- to minimise the degree of short-term change in employer contribution rates
- to ensure that sufficient cash is available to meet all liabilities as they fall due for payment
- to help employers manage their pension liabilities
- where practical and cost effective, to make allowance for the different characteristics of different employers and groups of employers

The FSS sets out how the Fund seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

For employers whose covenant was considered by the Fund to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least an 80% likelihood that the Fund will achieve the funding target over 20 years.

### **Funding Position as at the last formal funding valuation**

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31st March 2025. This valuation revealed that the Fund's assets, which at 31st March 2025 were valued at £3,590 million, were sufficient to meet 152% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2025 valuation was £1,236 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1st April 2026 to 31st March 2029 were set in accordance with the Fund's funding policy as set out in its FSS.

## Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2025 Valuation report.

### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

**The key financial assumptions adopted for the 2025 valuation were as follows:**

<b>Financial assumptions</b>	<b>31st March 2022</b>	<b>31st March 2025</b>
Rate of return on investments (Discount Rate)	4.2% pa	<b>6.2% pa</b>
Salary increase assumption	3.2% pa	<b>2.8% pa</b>
Benefit increase assumption (CPI)	2.7% pa	<b>2.3% pa</b>

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2024 model, with core parameterisation, except, initial addition of 0.25% and a long term rate of 1.5% p.a. Based on the assumptions, the average future life expectancies at age 65 are as follows:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.9 years	24.6 years
Future Pensioners *	22.6 years	25.9 years

\* Aged 45 at the 2025 Valuations

Copies of the 2025 Valuation report and Funding Strategy Statement are available on request from the Pension Fund and on the Fund's website.

### Experience over the period since 31st March 2025

The increase in tariffs on imports since March 2025 and the recent conflict in the Middle East have caused significant market volatility which feeds through to the investment returns achieved by the Fund's assets. However, the Fund's overall investment returns since March 2025 have been positive.

Observed inflation has been higher than anticipated over 2026, resulting in LGPS benefit increases of 3.8% in April 2026 and an increase in the value placed on the Fund's liabilities.

Overall, the Actuary estimates that the funding position is likely to be slightly lower than at the previous formal valuation at 31st March 2025.

The next actuarial valuation will be carried out as at 31st March 2028 and will be finalised by 31st March 2029. The Funding Strategy Statement will also be reviewed during the valuation, and a revised version will come into effect from 1st April 2029.

## N7. Analysis of contributions receivable and benefits payable

	2024/25		2025/26	
	Contributions receivable £'000	Benefits payable £'000	Contributions receivable £'000	Benefits payable £'000
Gloucestershire County Council <i>[Administering authority]</i>	65,302	62,581	<b>70,698</b>	<b>64,865</b>
Scheduled bodies (200 25/26) (197 24/25)* <i>[Bodies admitted by right]</i>	68,693	51,338	<b>69,893</b>	<b>54,142</b>
Admitted bodies (38 25/26) (33 24/25)* <i>[Bodies admitted by agreement]</i>	**4,254	9,503	<b>**4,088</b>	<b>10,402</b>
	<u>138,249</u>	<u>123,422</u>	<b><u>144,679</u></b>	<b><u>129,409</u></b>

Scheduled bodies now include 136 (134 24/25) schools who have converted to academy status.

\* These numbers relate to active employers with active members.

\*\* Contributions Receivable for Admitted Bodies for 2025/26 contained £12k surplus payments compared to £4k deficit receipts in 2024/25 in relation to employers who left the scheme.

## N8. Investment Strategy Statement

The Fund's Investment Strategy Statement (ISS) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 can be found on the Fund's website <https://www.gloucestershirepensionfund.org.uk>. It includes a statement on the Fund's approach to pooling its investment assets as required under the Regulations.

## N9. Related party transactions

Gloucestershire County Council, as Administering Authority for the Fund, incurred the following costs in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund. All monies owing to and due from the Fund were paid or accrued for in the year.

	2024/25 £'000	2025/26 £'000
<b>Administrative expenses</b>	3,997	<b>4,384</b>

Part of the Pension Fund's cash holdings are invested on the money markets by the Treasury Management team of Gloucestershire County Council, see notes N2, N21 and N25.

Of the County Council's key management personnel, some of the Director of Finance and the Deputy Chief Executive & Executive Director of Corporate Resources' remuneration costs were charged to the Fund to reflect time spent supporting the Fund. These consisted of salary, fees and allowances of £15,139 (£19,385 2024/25), employers' pension contributions of £4,118 (£5,128 2024/25) and employers' national insurance contributions of £2,252 (£2,483 2024/25).

The Deputy Chief Executive & Executive Director and Director of Finance are members of the Fund as contributing Gloucestershire County Council employees. This does not impact on their role as Finance Director and S151 officer, which is clearly defined.

The Pensions Committee is the decision-making body for the Fund and Gloucestershire County Council nominates 7 voting committee members.

Each member of the Pension Committee is required to declare their interests at each meeting.

Mr. P. Clark, the Scheme Member Representative, is a non-voting member of the Pension Committee. Mr. Clark is a contributing member of the Pension Fund, and this does not impact on his Pension Committee role.

The following members of the Pension Committee were District Council members as at 31st March 2026:

<b>Member</b>	<b>District Council</b>
Cllr. G. Andrews	Cheltenham Borough Council
Cllr. D. Gray	Tewkesbury Borough Council
Cllr. G. Luff	Stroud District Council
Cllr. C. Turner	Stroud District Council

Cllr. Colin Hay represented the Gloucestershire Pension Fund on the Brunel Oversight Board and acted as the Shareholder representative to the Brunel Pension Partnership. A member of Cllr. C. Hay's family is leader of Cheltenham Borough Council which is an employer in the Pension Fund.

Cllr. G. Andrews is a councillor for Cheltenham Borough Council and a board member of Cheltenham Trust who are both employers in the Pension Fund.

Cllr. V. Gray is in receipt of a local government pension.

The Pension Board was created on the 1st April 2015. Some of the Board are members of the Fund as contributing employees. This does not impact on their roles as members of the Pension Board given the nature of the Board's functions.

Transactions between employers and the Fund are disclosed in note N7.

**Brunel Pension Partnership Ltd. (Company Number 10429110)**

Brunel was formed on the 14th October 2016 and oversees the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire Funds.

Each of the ten local authorities, including Gloucestershire County Council own 10% of Brunel. As part of Gloucestershire's investment in Brunel the Fund provided regulatory capital. This is subject to regular review by the regulator which could result in additional calls for capital.

	2024/25	2025/26
	£'000	£'000
Income	-	<b>14</b>
Expenditure	1,495	<b>3,067</b>
Debtors	-	-
Payments in Advance	-	-

In addition to his role as Pension Committee member, Cllr. C. Hay represented the Fund on the Brunel Oversight Board.

In 2021/22 the Pension Fund, together with the nine other Funds in Brunel, entered into a Pension Cost Recharge Agreement whereby each Fund agreed to reimburse Brunel with its share of regular ongoing pension related cashflows via its Annual Operating Charge. As part of this arrangement the Fund also agreed to pay or receive its share of any exit payment or credit should Brunel cease to be a member of the Local Government Pension Scheme. Whilst provisions have been made within the accounts for costs associated with this as part of the formal wind down of the company, uncertainty on the final value of any pension cessation remains. Final costs cannot be established until the final member of staff at Brunel within the LGPS pension scheme has formally left employment, which is not anticipated to arise until late summer 2026.

**LGPS Central**

Following the Government's decision to reduce the number of Local Government Pension Scheme (LGPS) pools from eight to six under the "Fit for the Future" consultation, the Brunel Pension Partnership (Brunel), which had previously acted as the Fund's investment pooling partner, has commenced the process of being disbanded.

As a result, the Fund, alongside a number of former Brunel partner funds, has entered into new pooling arrangements with LGPS Central Limited. The Fund became a shareholder in LGPS Central on 1st April 2026, alongside thirteen other Local Government Pension Schemes. However, formal collaboration and partnership working began earlier, in September 2025, to establish new pooling governance structures and asset transition arrangements in line with the updated regulations.

Consequently, the Fund incurred the following costs during 2025–26:

	2024/25	2025/26
	£'000	£'000
Income	-	-
Expenditure	-	<b>204</b>
Debtors	-	-
Payments in Advance	-	-

**N9a Key management personnel**

The key management personnel of the Fund are the Section 151 Officer, Director of Finance and the Head of Pensions. A proportion of the Section 151 Officer's and Director of Finance costs have been charged to the Fund to reflect time spent supporting the Fund and those costs are included with those of the Head of Pensions in the table below.

	2024/25	2025/26
	£'000	£'000
Short-term benefits	103	122
Post-employment benefits	-	-
Other long-term benefits	24	27
Termination benefits	-	-
Share-based payments	-	-
	127	149

**N10. Contingent liabilities and contractual commitments****Investment commitments**

The Fund has investment commitments with seven managers (Arcmont, Golub, Gresham House, Octopus Investments, Resonance, Schroders Greencoat Wessex Gardens and Brunel Pension Partnership) where the investment manager has not yet drawn down all monies due. These commitments relate to investments in private debt, private equity, infrastructure and social affordable housing and are requested as and when the respective investment manager identifies an investment opportunity or requires further funding. The amounts requested can therefore be irregular in both size and timing. Private market investments managed by Brunel will be transferred to LGPS Central in line with the Fit for Future Pooling Regulations.

Three managers are engaged by the Fund to oversee its Social Affordable Housing portfolio, Resonance, Octopus Investments and Gresham House. During 2025/26 the Pension Committee agreed a further commitment to Gresham House of £60m. The Fund is working with these managers to draw down these monies as quickly as possible but given the complexities of the sector it is not easy to predict specific timescales, based on current information it is anticipated that the three funds will be drawn down by 2030.

The Fund's outstanding commitment to the renewable infrastructure fund managed by Schroders Greencoat Wessex Gardens of £13.7m, is anticipated to be drawn down by June 2028.

It is anticipated that commitments in Private Equity, Infrastructure and Private Debt (formerly managed by Brunel) will be drawn down by 2030.

Of the Golub Capital Partners commitment, 87.5% has been drawn down. Golub do not anticipate any further draw downs but reserve the right to still do so. The change in the outstanding liability is due to changes in the exchange rate as Golub is denominated in US dollars. The commitment draw down period ended on the 1st July 2023. The fund will continue until July 2028 (the tenth anniversary of the final closing date), unless terminated sooner or extended as provided in its agreement.

In relation to the Fund's private debt fund managed by Arcmont, 82% of the Fund's total commitment has been drawn down. The Arcmont fund's investment period ended in July 2020, and the fund had been due to expire in July 2023. The Pension Fund previously agreed to an extension so that the fund would expire in July 2026 to enable Arcmont to maximise unrealised assets, however, a further extension is currently being considered to July 2028.

The following table shows the Fund's total commitment and the remaining liability, following drawdowns, at the year end.

	<b>Original Commitment</b>	Outstanding liability 2024/25	<b>Outstanding liability 2025/26</b>
	<b>£'000</b>	£'000	<b>£'000</b>
Arcmont Asset Management Ltd. (private debt)	<b>50,000</b>	9,551	<b>9,224</b>
Golub Capital Partners International (private debt)	<b>40,000</b>	4,839	<b>4,725</b>
Schroders Greencoat Wessex Gardens L.P. (renewable infrastructure)	<b>60,000</b>	16,171	<b>13,689</b>
Social and Affordable Housing Portfolio (three fund managers selected)	<b>225,000</b>	131,520	<b>137,051</b>
Brunel Pension Partnership Ltd. (private equity) Cycles 1,2, & 3.	<b>129,000</b>	40,638	<b>29,520</b>
Brunel Pension Partnership Ltd. (infrastructure) Cycle 1,2, & 3.	<b>193,000</b>	44,839	<b>26,850</b>
Brunel Pension Partnership Ltd. (private debt) Cycle 2 & 3.	<b>158,000</b>	57,081	<b>26,200</b>
	<b>855,000</b>	304,639	<b>247,259</b>

#### **Pension bonds**

During 2025/26, three (three 2024/25) admitted body employers in the Pension Fund held insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No such defaults have occurred in 2025/26 (2024/25 nil). New admitted body employers are now admitted on a "pass-through" basis where the pension liabilities remain with the employer outsourcing the service.

#### **Contingent liability**

In 2021/22 the Pension Fund, together with the nine other Funds in Brunel, entered into a Pension Cost Recharge Agreement whereby each Fund agreed to reimburse Brunel with its share of regular ongoing pension related cashflows via its Annual Operating Charge. As part of this arrangement the Fund also agreed to pay or receive its share of any exit payment or credit should Brunel cease to be a member of the Local Government Pension Scheme. Whilst provisions have been made within the accounts for costs associated with this as part of the formal wind down of the company, uncertainty on the final value of any pension cessation remains. Final costs cannot be established until the final member of staff at Brunel within the LGPS pension scheme has formally left employment, which is not anticipated to arise until late summer 2026.

### **N11. Stock lending**

During 2025/26 Brunel operated a stock lending programme in relation to the underlying assets in three of the Fund's pooled funds. However, in preparation for the Fund's transition to the LGPS Central Pool, the stock lending programme was halted and at 31st March 2026 there were no shares out on loan (2024/25 £45.9m) and no collateral held (2024/25 £49.2m equal to 107.22% of stock out on loan). Income generated during the year of £119k (2024/25 £108k) was reinvested into the pooled funds.

These investments continued to be recognised in the Fund's financial statements. During the period the stock is on loan, the voting rights of the loaned stocks pass to the borrower.

**N12. Financial asset analysis**

	2024/25	2025/26	Note
	£'000	£'000	
<b>Investment Assets</b>			
Pooled investment vehicles			
Equities	1,942,773	<b>2,341,867</b>	
Bonds	634,732	<b>778,896</b>	
Diversified Growth	168,410	-	
Private Equity	102,971	<b>114,647</b>	
Infrastructure	201,056	<b>201,088</b>	
Private Debt	154,228	<b>155,131</b>	
Property	308,702	<b>324,174</b>	
	<u>3,512,872</u>	<u><b>3,915,803</b></u>	N10
Other investments			
Venture Capital/Private Equity	3,074	<b>3,071</b>	
	<u>3,074</u>	<u><b>3,071</b></u>	
Derivative Contracts			
Forward Foreign Exchange Contracts	206	<b>88</b>	
	<u>206</u>	<u><b>88</b></u>	N15
Cash (Managers)			
Cash instruments	39,455	<b>24,161</b>	
Cash deposits	218	<b>2,576</b>	
	<u>39,673</u>	<u><b>26,737</b></u>	
Other investment balances			
Debtors			
Outstanding settlement of investment sales	14,781	<b>12,279</b>	
Accrued dividend income and tax reclaims due on dividend inco	971	<b>163</b>	
	<u>15,752</u>	<u><b>12,442</b></u>	
<b>Long term financial assets</b>			
Brunel Pension Partnership Ltd.	750	-	
	<u>750</u>	<u>-</u>	
<b>Total Investment Assets</b>	<u>3,572,327</u>	<u><b>3,958,141</b></u>	
	2024/25	2025/26	Note
<b>Investment Liabilities</b>	£'000	£'000	
Derivative Contracts			
Forward Foreign Exchange Contracts	-1,895	<b>-11,004</b>	
	<u>-1,895</u>	<u><b>-11,004</b></u>	N15
Other Investment Balances			
Creditors			
Outstanding settlement of investment transactions	-717	<b>-13,133</b>	
	<u>-717</u>	<u><b>-13,133</b></u>	
<b>Total Investment Liabilities</b>	<u>-2,612</u>	<u><b>-24,137</b></u>	
<b>Long Term Assets</b>			
Contributions due from employers	114	-	
	<u>114</u>	<u>-</u>	N22
<b>Current Assets</b>			
Contributions due from employers	6,763	<b>6,357</b>	
Other current assets (debtors)	444	<b>816</b>	
Payments in advance	-	-	
Cash balances	15,657	<b>23,742</b>	N21
	<u>22,864</u>	<u><b>30,915</b></u>	N22
<b>Current Liabilities</b>			
Unpaid benefits	-43	<b>-76</b>	
Other liabilities (creditors)	-2,214	<b>-2,460</b>	
Receipts in advance	-1	<b>-21</b>	
	<u>-2,258</u>	<u><b>-2,557</b></u>	N23
<b>TOTAL</b>	<u>3,590,435</u>	<u><b>3,962,362</b></u>	

**N13. Investment income**

Investment income arises from the following investment categories:

	2024/25 £'000	<b>2025/26 £'000</b>
Pooled investment vehicles	26,815	<b>32,920</b>
Interest on cash deposits	2,267	<b>4,124</b>
Other income from stock lending, underwriting and class actions	2,176	-
	<u>31,258</u>	<u><b>37,044</b></u>
Withholding tax	-5	-
	<u>31,253</u>	<u><b>37,044</b></u>

**N14. Separately invested additional voluntary contributions (AVC's)**

Gloucestershire Pension Fund provides additional voluntary contribution (AVC) schemes for its members with The Prudential Assurance Company Limited and Phoenix Life Limited. The AVC's are invested separately in funds managed by them. These are in the form of with-profits, unit-linked and deposit accounts and secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement confirming amounts held to their account and movements in the year.

These amounts are not included in the Pension Fund Accounts in accordance with Regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended).

**Value of separately invested additional voluntary contributions**

	31st March 2025 £'000	<b>31st March 2026 £'000</b>
The Prudential Assurance Company Limited	6,194	<b>6,294</b>
Phoenix Life Limited	21	<b>22</b>
	<u>6,215</u>	<u><b>6,316</b></u>

Contributions paid by members in the Prudential scheme during 2025/2026 totalled £819,622 (2024/2025 £670,641) which included additional death in service premiums totalling £765 (2024/2025 £695).

## N15. Derivatives

The Fund uses derivatives to reduce currency risk within the pooled equity funds by way of forward currency contracts managed by BlackRock Investment Management (UK) Ltd. which commenced in February 2023. In addition, the Sterling Corporate Bonds and Multi-asset Credit pooled funds are allowed the modest use of derivatives primarily for currency and interest rate hedging purposes. Due to the nature of pooled funds where units are purchased in the fund itself rather than the underlying assets, details of derivative contracts are at fund level and not disclosed.

A derivative is a generic term for financial instruments used in the management of portfolios and is a financial contract between two parties, the value of which is determined by the underlying asset. Derivatives include futures, forwards, swaps and options.

### Derivative Contract Analysis

	<b>Contract type*</b>	2024/25 Economic Exposure	<b>2025/26 Economic Exposure</b>	<b>Expiration</b>	2024/25 Market Value	<b>2025/26 Market Value</b>
<b>INVESTMENT ASSETS</b>		£'000	<b>£'000</b>		£'000	<b>£'000</b>
Forward foreign exchange contracts	OTC	54,075	<b>39,450</b>	Less than 3 months	206	<b>88</b>
<b>Total Derivative Assets</b>		54,075	<b>39,450</b>		206	<b>88</b>
<b>INVESTMENT LIABILITIES</b>						
Forward foreign exchange contracts	OTC	617,607	<b>703,875</b>	Less than 3 months	-1,895	<b>-11,004</b>
<b>Total Derivative Liabilities</b>		617,607	<b>703,875</b>		-1,895	<b>-11,004</b>
<b>Net Futures</b>					-1,689	<b>-10,916</b>

\* Contract type OTC (over the counter)

A breakdown of the open forward foreign exchange contracts at 31st March 2026 is given below:-

**Open Forward Currency Contracts at 31st March 2026**

Settlement	Currency bought	Local Value	Currency sold	Local Value	Asset Value	Liability Value
		000		000	£000	£000
Up to three months	GBP	6,728	SEK	83,803	45	
Up to three months	GBP	19,057	CHF	20,079	40	
Up to three months	GBP	13,315	AUD	25,642	2	
Up to three months	GBP	350	NZD	806	1	
Up to three months	GBP	1,566	ILS	6,535		-5
Up to three months	GBP	1,262	NOK	16,445		-19
Up to three months	GBP	2,822	SGD	4,827		-22
Up to three months	GBP	3,108	DKK	26,776		-28
Up to three months	GBP	3,794	HKD	39,681		-51
Up to three months	GBP	27,267	CAD	50,330		-119
Up to three months	GBP	69,715	EUR	80,394		-639
Up to three months	GBP	47,011	JPY	9,978,114		-695
Up to three months	GBP	547,330	USD	734,163		-9,426
<b>Open forward currency contracts at 31st March 2026</b>					<b>88</b>	<b>-11,004</b>
<b>Net forward currency contracts at 31st March 2026</b>						<b>-10,916</b>
<b>Prior year comparative</b>						
Open forward currency contracts at 31st March 2025					<b>206</b>	<b>-1,895</b>
Net forward currency contracts at 31st March 2025						<b>-1,689</b>

**N16. Investments exceeding 5% of Total Net Assets**

At 31st March 2026 the Pension Fund held six (2024/25, six) investments that each exceeded 5% of the total value of the net assets of the scheme. These six investments totalled £2,597,645k out of a total market value for the Fund of £3,962,362k. These are detailed as follows:

<u>Investments exceeding 5% of Total Net Assets</u>	2024/25 £'000	%	2025/26 £'000	%
Brunel Global High Alpha Equity Fund	498,856	13.9	<b>535,027</b>	<b>13.5</b>
Brunel UK Equity Fund	407,390	11.3	<b>482,024</b>	<b>12.2</b>
Brunel Global Sustainable Fund	439,172	12.2	<b>472,750</b>	<b>11.9</b>
Legal & General FTSE Paris Aligned Developed Equities Index Fund	388,098	10.8	<b>447,254</b>	<b>11.3</b>
Royal London Pooled Pension Company - Brunel Sterling Corporate Bond Fund	369,954	10.3	<b>391,114</b>	<b>9.9</b>
Brunel Emerging Markets Equity Fund	209,257	5.8	<b>269,476</b>	<b>6.8</b>
	<b>2,312,727</b>	<b>64.3</b>	<b>2,597,645</b>	<b>65.6</b>

**N17. Agency services**

The Pension Fund pays discretionary pension awards to former employees on behalf of some Pension Fund employers. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below.

	2024/25 £'000	<b>2025/26 £'000</b>
Discretionary Payments	1,226	<b>1,219</b>

**N18. Contributions breakdown**

	2024/25 £'000	<b>2025/26 £'000</b>
From Employers:		
Normal contributions	89,747	<b>94,569</b>
Augmentation contributions	-	-
Deficit recovery contributions	17,242	<b>17,677</b>
Section 75 debt (cessation of employer)	4	<b>-12</b>
Other	4,557	<b>3,826</b>
	<hr/> 111,550	<hr/> <b>116,060</b>
From Members:		
Normal contributions	26,539	<b>28,284</b>
Additional voluntary contributions	160	<b>335</b>
	<hr/> 26,699	<hr/> <b>28,619</b>

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The primary contribution rate, the rate which all employers in the Fund pay was set at 21.8%, in addition most employers will also pay a secondary contribution rate depending on their own particular circumstances. Full details of the contribution rates payable for 2023/24, 2024/25 and 2025/26 can be found in the 2022 Actuarial Valuation Report and the Pension Fund's Annual Report. Both documents can be found at [www.gloucestershirepensionfund.org.uk](http://www.gloucestershirepensionfund.org.uk). During 2025 a new funding valuation took place which set contribution rates for 2026/27, 2027/28 and 2028/29. A copy of the 2025 Actuarial Valuation Report can also be found at [www.gloucestershirepensionfund.org.uk](http://www.gloucestershirepensionfund.org.uk).

The employers' monthly contributions are expressed as a percentage of pensionable pay. Deficit recovery payments are either based on a percentage of pensionable pay or paid as a lump sum. Both monthly contributions and deficit funding payments have been identified above. The deficit recovery contributions relate to past service benefit accrual and are payable over an agreed recovery period, not exceeding 20 years.

Employers who leave the scheme may need to pay outstanding deficit payments and this is included under Section 75 debt.

A revision to the Regulations in May 2018 and a further, more recent revision permits, at the discretion of the Pension Fund, the payment of an exit credit to an employer. Exit credit payments are also included within Section 75 debt.

Other contributions are those contributions paid by an employer to compensate the Pension Fund for early retirement or the recovery of ill health retirement costs.

These payments follow the principles outlined in the Funding Strategy Statement. Early retirement costs are usually paid in one lump sum or may be spread by no more than three years for scheduled bodies with tax-raising powers. When a payment is spread there is an extra cost to reflect the delay in total payment. There are currently no early retirement costs being spread. At 31st March 2026, £461k (2024/25 £431k) was due to the Pension Fund for early retirements and has been accrued.

The majority of employers are covered by an ill health insurance policy, and claims are made as they arise. Excess ill health retirement costs, not covered by the insurance policy, are invoiced for where necessary. At 31st March 2026, £1,201k (2024/25 £1,621k) was due to the Pension Fund for ill health retirement costs and has been accrued.

It had been agreed previously that an employer who left the Fund in 2008/09 could spread the payment of their deficit over a number of years. The total amount was credited to the Pension Fund and an accrual made for the outstanding amount. The accrual is rolled forward each year and adjusted for deficit payments made.

#### **N19. Custody of investments**

The accounts for the year ended 31st March 2026 use the valuations for the Fund's assets provided by our custodian, State Street Bank & Trust Company. This reflects the position of the custodian who is ultimately the master book of record. Custodian records are regularly reconciled with the Fund Managers' records. Using the custodian's valuations ensures that the various portfolios are priced consistently, so that the same stocks, in different portfolios, are valued on the same basis. Investments held in custody by State Street Bank & Trust Company on behalf of the Pension Fund, are ring-fenced from the assets of the Bank and segregated within its books as belonging to the Gloucestershire Pension Fund.

**N20. Management expenses**

Pension Fund expenses have been accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

<u>Management expenses</u>	2024/25 £'000	2025/26 £'000
Investment management expenses *	29,090	<b>30,494</b>
Administration expenses	2,771	<b>3,062</b>
Oversight & governance	1,109	<b>1,178</b>
	<u>32,970</u>	<u><b>34,734</b></u>

\* Please see a more detailed breakdown of the investment management expenses below.

**2025/26**

	<b>Management Fees</b> £'000	<b>Performance fees</b> £'000	<b>Transaction Costs</b> £'000	<b>Total</b> £'000
Pooled Investment Vehicles	20,278	687	6,063	<b>27,028</b>
Derivative Contracts	140	-	*-76	<b>64</b>
LGPS Central Ltd.	204	-	-	<b>204</b>
Brunel Pension Partnership Ltd.	3,054	-	-	<b>3,054</b>
	<u><b>23,676</b></u>	<u><b>687</b></u>	<u><b>5,987</b></u>	<u><b>30,350</b></u>
Custody Fees				<b>115</b>
Tax and Legal Costs				<u><b>29</b></u>
				<u><b>30,494</b></u>

\* This represents an implicit transaction cost

**Investment management expenses**

**2024/25**

	<b>Management Fees</b> £'000	<b>Performance fees</b> £'000	<b>Transaction Costs</b> £'000	<b>Total</b> £'000
Pooled Investment Vehicles	19,742	884	6,682	<b>27,308</b>
Derivative Contracts	170	-	-	<b>170</b>
LGPS Central Ltd.	-	-	-	<b>-</b>
Brunel Pension Partnership Ltd.	1,495	-	-	<b>1,495</b>
	<u><b>21,407</b></u>	<u><b>884</b></u>	<u><b>6,682</b></u>	<u><b>28,973</b></u>
Custody Fees				<b>77</b>
Tax and Legal Costs				<u><b>40</b></u>
				<u><b>29,090</b></u>

Investment management expenses are generally set on a fixed fee basis, calculated using the market value of each portfolio. The cost of investment management expenses varies with the value of assets under management.

The increase in investment management expenses during the period of £1.4m is mainly due to an increase of £1.8m in Pool manager costs incurred in anticipation of the forthcoming closure of the Brunel Pension Partnership and the transfer of Fund assets to the LGPS Central pool and an increase in management expenses of £0.5m due to an increase in amounts invested in property, an asset class which has a higher fee structure. This was partly offset by a net reduction of £0.7m in transaction costs and a reduction in performance fees from pooled private debt funds of £0.2m.

The Fund has fully adopted the Cost Transparency Initiative (CTI) reporting template to account for all management expenses incurred on funds invested during the year which includes direct, indirect and implicit costs. This has a zero net effect overall, with an offsetting increase in reported profit in year.

#### **Transaction costs**

When an asset is directly held these costs are easily identified, when a pooled fund is held these indirect costs are less transparent as details of the underlying investments and transactions are not generally disclosed. The Fund has adopted the Cost Transparency Initiative which increases transparency of all related costs (direct, indirect and implicit).

This has a zero net effect overall as the costs are offset against an increase in reported profit in year.

#### **Administration expenses and Oversight & Governance expenses**

Administration Expenses increased due to additional staff and higher I.T. and central overhead costs. Whilst the increase in Oversight & Governance was due to an increase in staff costs and professional fees.

Within Oversight and Governance costs there were actuarial expenses of £166,725 (£187,220 2024/25) generated by specific employer requirements, these were recharged back to the employer. The corresponding income is included within Recoveries for Services Provided in the Fund Account.

In addition to the recharged actuarial expenses, recoveries for services provided includes 61,164 (£46,488 2024/25) for pension and fee reimbursements.

#### **Audit fees**

Audit fees of £97,226 (£89,650 for 2024/25) were incurred in relation to KPMG LLP, the auditors appointed by Public Sector Audit Appointments Ltd. (PSAA) for external audit services. No further payments were made to our previous auditor (£35,030 2024/25). These fees include works undertaken which specifically related to employer IAS 19/FRS102 assurance and as such are subject to recharge back to the employers.

#### **N21. Cash**

From the 1st April 2010 the Pension Fund has had its own bank account. At 31st March 2026 in-house cash of £23.7m (£15.7m in 2024/25) was invested through the County Council's short-term investment procedures. During the year the average investment balance was £23.4m (£16.2m 2024/25) earning interest of £940k (£790k 2024/25).

**N22. Current & long term assets**

	2024/25	2025/26
	£'000	£'000
<b>Current assets</b>		
Contributions due - Employees	977	953
Contributions due - Employers	5,786	5,404
Sundry debtors	444	816
Payment in advance	-	-
	<u>7,207</u>	<u>7,173</u>
Cash balances	15,657	23,742
	<u>22,864</u>	<u>30,915</u>

	2024/25	2025/26
	£'000	£'000
<b>Long term assets</b>		
Long term debtors	114	-

It had been agreed that an employer who left the Fund could spread the payment of their deficit over a number of years. The total amount was credited to the Pension Fund and an accrual made for the outstanding amount. The accrual is rolled forward each year and adjusted for deficit payments made. A payment for the full amount owing is due to the Pension Fund within the next twelve months and is included in Current Assets.

**N23. Current liabilities**

	2024/25	2025/26
	£'000	£'000
Benefits payable	-43	-76
Sundry creditors	-2,214	-2,460
Receipts in advance	-1	-21
	<u>-2,258</u>	<u>-2,557</u>

**N24. Actuarial present value of promised retirement benefits**

In addition to the triennial funding valuation (See Note 6), the Fund's Actuary, Hymans Robertson LLP, also undertakes a valuation of the Pension Fund liabilities on an IAS19 basis each year. The promised retirement benefits at 31st March 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31st March 2025.

The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, the Actuary is satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

**Present Value of Promised Retirement Benefits:**

	31 <sup>st</sup> March 2025	31 <sup>st</sup> March 2026
	£m	£m
Active members	1,018	<b>929</b>
Deferred members	514	<b>559</b>
Pensioners	1,050	<b>1,301</b>
<b>Total</b>	<b>2,582</b>	<b>2,789</b>

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. No allowances have been made for unfunded benefits.

It should be noted that the above figures are appropriate only for the preparation of the Fund's accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

**Assumptions**

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31st March 2026 and 31st March 2025. It is estimated that the impact of the change in financial assumptions to 31st March 2026 is to decrease the actuarial present value by £64m (24/25 decrease of £470m). It is estimated that the impact of the change in demographic assumptions is to decrease the actuarial present value by £54m (24/25 decrease by £6m).

**Significant Actuarial Assumptions Used**

<b>Financial assumptions:</b>		
Year Ended	31 <sup>st</sup> March 2025	31 <sup>st</sup> March 2026
	% pa	% pa
Pension Increase Rate (CPI)	2.75	<b>3.00</b>
Salary Increase Rate	3.25	<b>3.50</b>
Discount Rate	5.80	<b>6.20</b>

**Demographic assumptions:**

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Based on these assumptions, the average future life expectancies at age 65 are summarised below.

<b>Longevity assumptions as at 31st March 2026</b>	Males	Females
	Years	
Current Pensioners	22.1	24.7
Future Pensioners **	22.7	26.0
<b>Longevity assumptions as at 31st March 2025</b>	Males	Females
	Years	
Current Pensioners	21.4	24.1
Future Pensioners **	22.0	25.5

\*\* Future pensioners are assumed to be aged 45 at the latest valuation.

All other demographic assumptions have been updated since last year and are as per the latest funding valuation of the Fund.

**Sensitivity Analysis**

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

<b>Change in assumption at 31st March 2026</b>	<b>Approximate increase to promised retirement benefits</b>	<b>Approximate monetary amount</b>
	<b>%</b>	<b>£m</b>
0.1% p.a. decrease in the Discount Rate	2	45
0.1% p.a. increase in the Salary Increase Rate	0	2
0.1% p.a. increase in the Pension Increase Rate (CPI)	2	44
1 year increase in member life expectancy	4	112
<b>Change in assumption at 31st March 2025</b>	<b>Approximate increase to promised retirement benefits</b>	<b>Approximate monetary amount</b>
	<b>%</b>	<b>£m</b>
0.1% p.a. decrease in the Discount Rate	2	45
0.1% p.a. increase in the Salary Increase Rate	0	2
0.1% p.a. increase in the Pension Increase Rate (CPI)	2	43
1 year increase in member life expectancy	4	103

## **N25. Nature and extent of risks arising from Financial Instruments**

The Gloucestershire Pension Fund's ("The Fund") objective is to generate positive investment returns for a given level of risk. Therefore, the Fund holds financial instruments such as collective investment schemes (or pooled funds), cash and cash equivalents and debtors and creditors (which arise as a result of its operations). The value of all these financial instruments in the financial statements approximates to their fair value.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities i.e. promised benefits payable to members. Therefore, the aim of investment risk management is to minimise the risk of an overall reduction on the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

During 2025/26 the Fund's investments were managed on behalf of the Fund via Brunel and its appointed Investment Managers. In addition, the Fund also has a small number of directly appointed pooled funds. Each Investment Manager is required to invest the assets managed by them in accordance with the terms of their investment guidelines or pooled fund prospectus. The Gloucestershire Pension Fund Committee ("Committee") has determined that the investment management structure is appropriate and is in accordance with its investment strategy. The Committee regularly monitors each investment mandate and considers and takes advice on the nature of the investments made and associated risks.

The Fund's investments are held by State Street Bank & Trust Company, who act as custodian on behalf of the Fund.

Because the Fund adopts a long-term investment strategy, the high level risks described below will not alter significantly during the year unless there are significant strategic or tactical changes in the portfolio.

### **Market Risk**

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, interest rates or currencies. The Fund is exposed through its investments in equities, bonds and investment funds, to all these market risks. The aim of the investment strategy is to manage and control market risk within acceptable parameters, while optimising the return from the investment portfolio.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical, industry sectors, individual securities, investment mandate guidelines and Investment Managers. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the Committee as well as appropriate monitoring of market conditions and benchmark analysis.

### **Other Price Risk**

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, caused by factors other than interest rate or foreign currency movements, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all such instruments in the market.

Market price risk arises from uncertainty about the future value of the financial instruments that the Fund holds. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited. The Investment Managers mitigate this price risk through diversification in line with their own investment strategies and mandate guidelines.

#### Other Price Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of return experienced by each investment portfolio during the year to 31st March 2026. The volatility data is broadly consistent with a one-standard deviation movement in the value of the assets. The analysis assumes that all other variables remain constant.

Movements in market prices would have increased or decreased the assets, as held by the Fund's custodian, at 31st March 2026 by the amounts shown below:

As at 31st March 2026	Value	Volatility of return	Value on Increase	Value on Decrease
	£'000	%	£'000	£'000
UK Bonds	469,997	6.3	499,607	440,387
Overseas Bonds	308,899	6.3	328,360	289,438
UK Equities	509,441	18.0	601,140	417,742
Multi National Equities	1,832,426	18.6	2,173,257	1,491,595
Diversified Growth Fund	-		-	-
UK Property	258,062	15.9	299,094	217,030
Overseas Property	66,112	15.9	76,624	55,600
Venture Capital/Private Equity/Infrastructure	318,806	27.0	404,884	232,728
Private Debt	155,131	7.4	166,611	143,651
	3,918,874		4,549,577	3,288,171
<b>Total Gloucestershire Fund</b>	<b>3,918,874</b>	<b>13.0%</b>	<b>4,428,328</b>	<b>3,409,420</b>

Cash equivalents of £3,035k have been included in UK Bonds and £12,830k in Overseas Bonds. Both of these asset classes are invested in pooled funds.

The above table does not include investment manager cash, cash instruments and debtors or the Brunel Pension Partnership shareholding, derivative contracts, long term and current assets and current liabilities of £43,488k as these are not subject to price risk.

<b>As at 31st March 2025</b>	<b>Value</b>	<b>Volatility of return</b>	<b>Value on Increase</b>	<b>Value on Decrease</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
UK Bonds	369,954	6.5	394,001	345,907
Overseas Bonds	264,778	6.5	281,989	247,567
UK Equities	407,390	16.3	473,795	340,985
Multi National Equities	1,535,383	18.6	1,820,964	1,249,802
Diversified Growth Fund	168,410	8.6	182,893	153,927
UK Property	243,923	15.2	280,999	206,847
Overseas Property	64,779	15.2	74,625	54,933
Venture Capital/Private Equity/Infrastructure	307,101	26.6	388,790	225,412
Private Debt	154,228	7.6	165,949	142,507
	<b>3,515,946</b>		<b>4,064,005</b>	<b>2,967,887</b>
<b>Total Gloucestershire Fund</b>	<b>3,515,946</b>	<b>12.4%</b>	<b>3,951,923</b>	<b>3,079,969</b>

Cash equivalents of £332k have been included in UK Bonds and £9,850k in Overseas Bonds. Both of these asset classes are invested in pooled funds.

The above table does not include investment manager cash, cash instruments and debtors or the Brunel Pension Partnership shareholding, derivative contracts, long term and current assets and current liabilities of £74,489k as these are not subject to price risk.

### **Interest Rate Risk**

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risk, which represents the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. This risk will affect the value of both fixed interest and index linked securities. The amount of income receivable from cash balances will also be affected by fluctuations in interest rates.

The Funds exposure to interest rate movements, as a result of its investments in fixed interest pooled funds, as at the 31st March 2026 is set out below along with the interest rate sensitivity analysis data.

**Interest Rate Risk Sensitivity Analysis**

Shorter term government yields in the UK have risen over the past year. The UK 2yr yield finished around 4.4% as of March, up from 4.2% a year prior.

Most of the upward movement in short-term yields occurred in March 2026 following the outbreak of conflict in the Middle East. The conflict has brought into question the level of inflation in the UK, given higher imported energy costs. As a result, market participants are no longer pricing in rate cuts. The United States (US) saw short term yields mildly decrease. The 2-year US treasury yield fell from 3.9% in March 2025 to 3.8%. Both Brunel bond portfolios have credit risk through underlying investments. Risk is managed through diversification across sectors, countries, seniority and credit rating. The Sterling Corporate Bond portfolio focusses exclusively on sterling denominated assets and is predominantly investment grade. Whereas the Multi-Asset Credit Portfolio focusses on sub investment grade securities and is unconstrained by country, sector and seniority.

Changes in interest rates do not impact on the value of cash and cash equivalents but they will affect the interest income received on those balances.

The analysis that follows assumes that all other variables, in particular, exchange rates, remain constant and shows the effect in the year on the values of a +/- 100bps (1%) change in interest rates on a time-weighted basis.

Assets exposed to interest rate risk	Carrying amount as at 31st March 2026	Change in the year in the net assets available to pay benefits	
		+100BPS (1% increase)	-100BPS (1% decrease)
	£'000	£'000	£'000
2025/26			
Cash held directly by the Fund	23,742	-	-
Cash and cash equivalents held on behalf of the Fund	26,737	-	-
Bond Portfolio - Fixed Interest Securities	655,382	-29,024	29,024
	705,861	-29,024	29,024

In the above table, cash equivalents of £15,865K are included in the Bond Portfolio - Fixed Interest Securities, which are held in pooled funds.

Holdings within the Blackrock Liquidly Fund have been omitted from this analysis pending the availability of further information and asset classifications, currently awaited from the Fund Manager.

Assets exposed to interest rate risk	Carrying amount as at 31st March 2025	Change in the year in the net assets available to pay benefits	
		+100BPS (1% increase)	-100BPS (1% decrease)
2024/25			
	£'000	£'000	£'000
Cash held directly by the Fund	15,657	-	-
Cash and cash equivalents held on behalf of the Fund	39,673	-	-
Bond Portfolio - Fixed Interest Securities	624,551	-28,983	28,983
	679,881	-28,983	28,983

In the above table, cash equivalents of £10,182K are included in the Bond Portfolio - Fixed Interest Securities, which are held in pooled funds.

#### Foreign Currency Risk

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on both monetary and non-monetary investments denominated in a currency other than Sterling. For a Sterling based investor, when Sterling weakens, the Sterling value of foreign currency denominated investments rises. As Sterling strengthens, the Sterling value of foreign currency denominated investment falls. The Fund uses derivatives to reduce currency risk within the pooled equity funds by way of forward currency contracts managed by BlackRock Investment Management (UK) Ltd. which commenced in February 2023.

#### Currency Risk Sensitivity Analysis

Following analysis of historical data, by the Fund's performance measurement service, the likely volatility associated with foreign exchange rate movements is considered to be 5.0% (as measured by one standard deviation).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 5.0% strengthening/weakening of the Pound against the various countries in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

2025/26 Currency exposure - Asset type	Asset value as at 31st March 2026	Change to net assets available to pay benefits	
		£'000	£'000
		+5%	-5%
UK Equities*	-	-	-
Global Equities	1,648,685	1,731,119	1,566,251
Overseas Private Debt	33,177	34,836	31,518
Overseas Property	66,112	69,418	62,806
Venture Capital /Private Equity/ Infrastructure	107,770	113,159	102,382
Diversified Growth	-	-	-
Cash/Cash equivalents	7,526	7,902	7,150
	1,863,270	1,956,434	1,770,107

\* Amount of overseas currency within the Brunel UK Equity Pooled Fund

Holdings within the Blackrock Liquidity Fund have been omitted from this analysis pending the availability of further information and asset classifications, currently awaited from the Fund Manager.

2024/25 Currency exposure - Asset type	Asset value as at 31st March 2025	Change to net assets available to pay benefits	
		£'000	£'000
		+6.4%	-6.4%
UK Equities*	1,882	1,976	1,788
Global Equities	1,466,634	1,539,966	1,393,302
Overseas Private Debt	33,895	35,590	32,200
Overseas Property	64,780	68,019	61,541
Venture Capital /Private Equity/ Infrastructure	102,916	108,062	97,770
Diversified Growth	1,345	1,412	1,278
Cash/Cash equivalents	2,411	2,532	2,290
	1,673,863	1,757,557	1,590,169

\* Amount of overseas currency within the Brunel UK Equity Pooled Fund

### **Credit Risk**

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. This is often referred to as counterparty risk.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the careful selection and monitoring of counterparties including brokers, custodian and investment managers minimises any credit risk that may occur through the failure to settle transactions in a timely manner. The Fund's contractual exposure to credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default.

The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Bankruptcy or insolvency of the custodian may affect the Fund's access to its assets. However, all assets held by the custodian are ring-fenced as "client assets" and therefore cannot be claimed by creditors of the custodian. Brunel, on behalf of the Fund, manages the risk by monitoring the credit quality and financial position of the custodian.

Credit risk on over the counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The Fund's bond pooled funds have significant credit risk through their underlying investments. This risk is managed through diversification across sovereign and corporate entities, credit quality and maturity of bonds. The market prices of bonds incorporate an assessment of credit quality in their valuation which reflects the probability of default (the yield of a bond will include a premium that will compensate for the risk of default).

The Fund believes it has managed its exposure to credit risk within an acceptable level and its default experience over the last five financial years is not significantly out of line with the industry. Another source of credit risk is the cash balances held to meet operational requirements or by the managers at their discretion. Internally held cash is managed on the Fund's behalf by the Council's Treasury Management Team in line with the Fund's Treasury Management Policy which sets out the permitted counterparties and limits. The Fund invests surplus cash held with the custodian in diversified money market funds.

Through its securities lending activities, the Fund is exposed to the counterparty risk of the collateral provided by borrowers against the securities lent. This risk is managed by restricting the collateral permitted.

Foreign exchange contracts are subject to credit risk in relation to the counterparties of the contracts which are primarily banks. The maximum credit exposure on foreign currency contracts is any net profit on forward contracts, should the counterparty fail to meet its obligations to the Fund when it falls due.

The credit risk within the bond pooled funds can be analysed using standard industry credit ratings and the analysis as at 31st March 2026 is set out below with comparatives from the position as at 31 March 2025.

**Credit Analysis**

<b>31<sup>st</sup> March 2026</b>	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ to C-	CCC-	Unrated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK Corporate Bonds	10,207	28,447	90,422	229,820	21,577	1,552	-	6,054	-
Global Bonds	3,662	3,128	9,676	37,583	90,589	95,775	12,242	-	14,648
	<b>13,869</b>	<b>31,575</b>	<b>100,098</b>	<b>267,403</b>	<b>112,166</b>	<b>97,327</b>	<b>12,242</b>	<b>6,054</b>	<b>14,648</b>
% of Fixed Interest Pooled Funds	2.1	4.8	15.3	40.8	17.1	14.9	1.9	0.9	2.2

Cash equivalents held in the Bond Portfolio pooled funds of £15,865k have not been included in the credit analysis table above but are included in the market value of the Bond Portfolio pooled funds in Note 12.

Holdings within the Blackrock Liquidity Fund have been omitted from this analysis pending the availability of further information and asset classifications, currently awaited from the Fund Manager.

<b>31<sup>st</sup> March 2025</b>	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ to C-	CCC-	Unrated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK Corporate Bonds	7,762	28,461	93,514	211,424	18,481	5,914		4,066	-
Global Bonds	1,708	1,581	7,495	36,149	75,586	101,640	12,899	-	17,871
	<b>9,470</b>	<b>30,042</b>	<b>101,009</b>	<b>247,573</b>	<b>94,067</b>	<b>107,554</b>	<b>12,899</b>	<b>4,066</b>	<b>17,871</b>
% of Fixed Interest Pooled Funds	1.5	4.8	16.2	39.6	15.1	17.2	2.1	0.6	2.9

Cash equivalents held in the Bond Portfolio pooled funds of £10,182k have not been included in the credit analysis table above but are included in the market value of the Bond Portfolio pooled funds in Note 12.

**Cash Balances**

The management of Pension Fund cash balances not held by the Custodian is delegated to Gloucestershire County Council's Treasury Management team to manage in accordance with their Treasury Management Strategy, which reflects the CIPFA Code of Practice on Treasury Management in Public Services. Pension Fund cash is invested separately from Gloucestershire County Council monies.

The Fund's cash holding under both its treasury management arrangements and Custodian arrangements at 31st March 2026 is shown below:

<b>Account Name</b>	<b>Rating*</b>	<b>Balances as at 31st March 2025</b>		<b>Balances as at 31st March 2026</b>	
		<b>£'000</b>		<b>Rating*</b>	<b>£'000</b>
Aberdeen Standard Liquidity Fund	AAAm	<b>5,000</b>		AAAm	<b>15,000</b>
Lloyds Current Account	A-1	<b>10,657</b>		A-1	<b>8,742</b>
<b>Total Balances managed in house</b>		<b>15,657</b>			<b>23,742</b>
State Street SSGA Global Asset MMF	AAAm	<b>1,758</b>		AAAm	<b>6,314</b>
State Street Liquidity Funds	AAAm	<b>37,697</b>		AAAm	<b>17,847</b>
State Street Bank & Trust Company	AA-	<b>218</b>		A-1+	<b>2,576</b>
<b>Total Balances held by Custodian</b>		<b>39,673</b>			<b>26,737</b>

\* Ratings quoted are all Standard and Poors as at 31st March 2026 and 2025

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and in the past the Fund has obtained a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. More recently the Fund has also admitted certain employers on a pass-through basis where the risks inherent in participating in the LGPS are shared between the new employer and the letting employer who is supported by central government.

Contributions due as at 31st March 2026 was £6,243k (2024/25 £6,687k) and as at 13th May 2026 £1,212k remained outstanding.

### **Liquidity Risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments. A substantial portion of the Fund's investments consist of readily realisable securities, in particular equities and fixed income investments, even though they are held in pooled funds. However, the main liability of the Fund are the benefits payable, which fall due over a long period and the investment strategy reflects the long term nature of these liabilities. Therefore, the Fund is able to manage the liquidity risk that arises from its investments in less liquid asset classes such as property which are subject to longer redemption periods and cannot be considered as liquid as the other investments. The Fund maintains a cash balance to meet working requirements and has immediate access to its cash holdings.

### **Refinancing risk**

Refinancing risk relates to the Fund being required to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. Refinancing risk within the Pooled Bond Funds is mitigated through credit and liquidity analysis of all investments and diversification by issuer and maturity. The Brunel property portfolio managed on behalf of the Pension Fund is not leveraged or subject to refinancing risk. However, the underlying investments within this portfolio are leveraged and so may be subject to refinancing risk. This risk is mitigated by covenants written into the Fund documentation. There are no other financial instruments that have refinancing risk as part of its treasury management and investment strategies.

## **N26. Fair value hierarchy**

### **Basis of valuation**

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques.

Description of asset	Valuation hierarchy	Value at 31st March 2026 £'000	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash instruments held on behalf of the investment managers	Level 1	24,161	Net Asset Value	Interest rates	Not required
Cash Deposits	Level 1	26,318	Cash held in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2026	Not required	Not required
Investment income and tax reclaims due	Level 1	163	Investment income is accounted for when a holding is declared ex-dividend and tax reclaims accounted for when tax is deducted from investment income. Income and tax reclaims due in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2026	Not required	Not required
Amounts receivable for investment sales	Level 1	12,279	Amounts receivable due in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2026	Not required	Not required
Amounts payable for investment transactions	Level 1	-13,133	Amounts payable due in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2026	Not required	Not required

Description of asset	Valuation hierarchy	Value at 31st March 2026 £'000	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Derivative Contracts - Forward foreign exchange contracts - Assets	Level 2	88	Market forward exchange rates at the year-end	Exchange rate risks	Not required
Derivative Contracts - Forward foreign exchange contracts - Liabilities	Level 2	- 11,004	Market forward exchange rates at the year-end	Exchange rate risks	Not required
Pooled investment vehicles	Level 2	3,120,763	Closing bid price where bid and offer prices are published Closing single price where single price published.	NAV based pricing set on a forward pricing basis and prices published frequently.	Not required
Pooled Property investments	Level 2	143,355	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis. Ease of redemption	Not required
Pooled property investments	Level 3	180,819	Closing bid price where bid and offer prices are published Closing single price where single price published.	NAV-based pricing set on a forward pricing basis. Ease of redemption	Valuations could be affected by changes in the structure of the holdings such as changing from a closed ended fund to an open ended fund.

Description of asset	Valuation hierarchy	Value at 31st March 2026 £'000	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private equity	Level 3	117,718	Fair value basis applied in accordance with International Financial Reporting Standards and International Private Equity Valuation guidelines.	EBITDA multiple, Revenue multiple, Discount for lack of marketability, Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Private Debt	Level 3	155,131	The fair value of funds managed by Arcmont and Golub is determined by the enterprise value of a portfolio company, the nature and realisable value of any collateral, its ability to make payments and its earnings, discounted cash flows, market environment and changes in the interest rate environment. For the Private Debt fund managed by Brunel, a fair value basis is applied in accordance with International Financial Reporting Standards and International Private Equity Valuation guidelines.	Initial recognition cost, principal repayments, effective interest method, Impairment reductions	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Infrastructure	Level 3	201,088	Fair value basis applied in accordance with International Financial Reporting Standards and International Private Equity Valuation guidelines.	Future free cash flows from underlying investments. Cost of capital of underlying investments	Valuations could be affected by material events occurring after the preparation of the independent reports, and by changes to expected cash flows

## Fair Value Hierarchy

The Fund is required to classify its investments using a fair value hierarchy that reflects the subjectivity of the inputs used in making an assessment of fair value. Fair value is the value at which the investments could be realised within a reasonable timeframe. This hierarchy is not a measure of investment risk but a reflection of the ability to value the investments at fair value. Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. The fair value hierarchy has the following levels:

- Level 1 – Unadjusted quoted prices in an active market for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Products classified as Level 1 comprise quoted equities, quoted fixed interest securities and quoted index linked securities.
- Level 2 – Inputs other than quoted market prices under Level 1, forexample, when an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.
- Level 3 – At least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
		Level 2	Level 3	
Values at 31st March 2026	£'000	£'000	£'000	£'000
<b>Financial assets at fair value through profit and loss</b>				
Pooled investment vehicles	-	3,120,763	-	3,120,763
Pooled property investments	-	143,355	180,819	324,174
Private Equity	-	-	117,718	117,718
Infrastructure	-	-	201,088	201,088
Private Debt	-	-	155,131	155,131
Derivative contracts	-	88	-	88
Cash instruments held on behalf of the investment managers	24,161	-	-	24,161
Cash deposits	26,318	-	-	26,318
Investment income and tax reclaims due	163	-	-	163
Amounts receivable for investment sales	12,279	-	-	12,279
	62,921	3,264,206	654,756	3,981,883
Non-financial assets at fair value through profit and loss	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-11,004	-	-11,004
Amounts payable for investment purchases	-13,133	-	-	-13,133
<b>Net Investment Assets</b>	49,788	3,253,202	654,756	3,957,746
Brunel Pension Partnership Ltd.				-
Debtors/Creditors*				4,616
<b>Total Net Investment Assets</b>	49,788	3,253,202	654,756	<b>3,962,362</b>

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Values at 31st March 2025	£'000	Level 2 £'000	Level 3 £'000	£'000
<b>Financial assets at fair value through profit and loss</b>				
Pooled investment vehicles	-	2,745,915	-	2,745,915
Pooled property investments	-	112,013	196,689	308,702
Private Equity	-	-	106,045	106,045
Infrastructure	-	-	201,056	201,056
Private Debt	-	-	154,228	154,228
Derivative contracts	-	206	-	206
Cash instruments held on behalf of the investment managers	39,455	-	-	39,455
Cash deposits	15,875	-	-	15,875
Investment income and tax reclaims due	971	-	-	971
Amounts receivable for investment sales	14,781	-	-	14,781
	71,082	2,858,134	658,018	3,587,234
Non-financial assets at fair value through profit and loss	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-1,895	-	-1,895
Amounts payable for investment purchases	-717	-	-	-717
<b>Net Investment Assets</b>	70,365	2,856,239	658,018	3,584,622
Brunel Pension Partnership Ltd.				750
Debtors/Creditors*				5,063
<b>Total Net Investment Assets</b>	70,365	2,856,239	658,018	<b>3,590,435</b>

\* Debtors and creditors have been added to this table to reflect the total net assets of the Fund.

#### Transfers between Levels 1 and 2

There have not been any movements between level 1 and 2 classifications made in year.

### Sensitivity of assets valued at level 3

Having consulted with independent advisors, who model 5,000 possible outcomes of future behaviours of each economic variable and asset return, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31st March 2026.

<b>2025/26</b>	<b>Assessed valuation range (+/-)</b>	<b>Value at 31st March 2026</b>	<b>Value on increase</b>	<b>Value on decrease</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
UK Pooled Property Investments	15.9%	121,628	140,967	102,289
Overseas Pooled Property Investments	15.9%	59,191	68,602	49,780
Private Equity/Infrastructure	27.0%	318,806	404,884	232,728
UK Private Debt	7.4%	101,316	108,813	93,819
Overseas Private Debt	7.4%	53,815	57,797	49,833
<b>Total</b>		<b>654,756</b>	<b>781,063</b>	<b>528,449</b>

<b>2024/25</b>	<b>Assessed valuation range (+/-)</b>	<b>Value at 31st March 2025</b>	<b>Value on increase</b>	<b>Value on decrease</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
UK Pooled Property Investments	15.2%	153,406	176,724	130,088
Overseas Pooled Property Investments	15.2%	43,283	49,862	36,704
Private Equity/Infrastructure	26.6%	307,101	388,790	225,412
UK Private Debt	7.6%	105,139	113,130	97,148
Overseas Private Debt	7.6%	49,089	52,820	45,358
<b>Total</b>		<b>658,018</b>	<b>781,326</b>	<b>534,710</b>

All movements in the assessed valuation range of the above investments derive from changes in the underlying profitability of component companies, the range of the potential movement quoted is caused by how this profitability is measured and the economic circumstances in which the component company operates.

Reconciliation of Fair Value Measurements within Level 3

2025/26

	UK Pooled Property Investments	Overseas Pooled Property Investments	Private Equity/Infra- structure	Overseas Private Debt	UK Private Debt	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Market Value 31st March 2025	153,406	43,283	307,101	49,089	105,139	658,018
Transfers into Level 3	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	-
Purchases during the year and derivative payments	59,273	42,520	22,843	5,829	17,870	148,335
Sales during the year and derivative receipts	-89,639	-27,245	-20,900	304	-2,153	-139,633
Unrealised gains/(losses)	-1,059	4,718	9,305	-1,407	-19,540	-7,983
Realised gains/(losses)	- 353	-4,085	457	-	-	-3,981
<b>Market Value 31st March 2026</b>	<b>121,628</b>	<b>59,191</b>	<b>318,806</b>	<b>53,815</b>	<b>101,316</b>	<b>654,756</b>

2024/25

	<b>UK Pooled Property Investments</b>	<b>Overseas Pooled Property Investments</b>	<b>Private Equity/Infra- structure</b>	<b>Overseas Private Debt</b>	<b>UK Private Debt</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Market Value 31st March 2024	115,006	39,635	272,904	44,082	99,067	570,694
Transfers into Level 3	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	-
Purchases during the year and derivative payments	39,906	6,328	35,020	5,119	13,219	99,592
Sales during the year and derivative receipts	-3,512	-239	-12,920	-5,838	-5,725	-28,234
Unrealised gains/(losses)	1,984	-2,435	12,120	5,726	-1,422	15,973
Realised gains/(losses)	22	-6	-23	-	-	-7
<b>Market Value 31st March 2025</b>	<b>153,406</b>	<b>43,283</b>	<b>307,101</b>	<b>49,089</b>	<b>105,139</b>	<b>658,018</b>

When assigning holdings to a level in the fair value hierarchy, consideration is given to the Fund's ability to exit the holding. For holdings not traded on a recognised exchange but where a published price exists and investors are entitled to redeem their holding without restriction, holdings are assigned to level 2. Where there are restrictions on redemption, holdings are assigned to level 3.

**N27. Financial instrument disclosure**

<b>2025/26</b>	<b>Fair value through profit and loss</b>	<b>Assets at amortised cost</b>	<b>Liabilities at amortised cost</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>			
Pooled investment vehicles *	3,915,803	-	-
Venture Capital/Private equity	3,071	-	-
Brunel Pension Partnership Ltd.	-	-	-
Derivative contracts	88	-	-
Cash	26,737	23,742	-
Other investment balances	-	12,442	-
Debtors	-	816	-
	<b>3,945,699</b>	<b>37,000</b>	-
<b>Financial liabilities</b>			
Derivative contracts	-11,004	-	-
Other investment balances	-	-13,133	-
Creditors	-	-	-2,460
Receipts in advance	-	-	-21
Borrowings	-	-	-
	<b>-11,004</b>	<b>-13,133</b>	<b>-2,481</b>
	<b>3,934,695</b>	<b>23,867</b>	<b>-2,481</b>

\* Pooled property investments are now included within Pooled investment vehicles.

2024/25	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£'000	£'000	£'000
<b>Financial assets</b>			
Pooled investment vehicles	3,204,170	-	-
Pooled property investments	308,702	-	-
Venture Capital/Private equity	3,074	-	-
Brunel Pension Partnership Ltd.	750	-	-
Derivative contracts	206	-	-
Cash	39,673	15,657	-
Other investment balances	-	15,752	-
Debtors	-	444	-
	<b>3,556,575</b>	<b>31,853</b>	-
<b>Financial liabilities</b>			
Derivative contracts	-1,895	-	-
Other investment balances	-	-717	-
Creditors	-	-	-2,214
Receipts in advance	-	-	-1
Borrowings	-	-	-
	<b>-1,895</b>	<b>-717</b>	<b>-2,215</b>
	<b>3,554,680</b>	<b>31,136</b>	<b>-2,215</b>

**N27 (a) Net gains and losses on financial instruments**

		2024/25	2025/26
		£'000	£'000
<b>Financial assets</b>			
Fair value through profit and loss		153,530	346,685
Amortised cost - realised gains on de-recognition of assets		-	-
Amortised cost - unrealised gains		-	-
<b>Financial liabilities</b>			
Fair value through profit and loss		-	-
Amortised cost - realised losses on de-recognition of assets		-	-
Amortised cost - unrealised losses		-	-
		<b>153,530</b>	<b>346,685</b>

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

**N28. Bulk transfers in and out of the Pension Fund**

**Transfers to or from other pension funds**

During 2025/26 no bulk transfer values were paid in respect of groups of employees moving between funds (£0m 2024/25). The Fund experienced a decrease in individual transfers out of the Fund from £15.0m to £12.5m (£10.8m to £15.0m 2024/25) and an increase of individual transfers into the Fund from £17.5m to £20.5m (£6.5m to £17.5m 2024/25).

### **N29. Accounting Standards that have been issued but have not yet been adopted**

The Code requires consideration of the impact of standards that have been issued but not yet adopted. This is to enable users to evaluate the risk of these new standards on the Pension Fund's current financial position.

Amendments to FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) Heritage Assets issued in 2024.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.

Annual improvements to IFRS accounting standards - issued in July 2024.

Contract Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

It is not anticipated that any of these regulation amendments will have a material impact on the Pension Fund.

### **N30. Taxation where Individual Lump Sum or Annual Allowances are exceeded**

Where a member's benefit entitlement exceeds the United Kingdom Inland Revenue tax limits (Individual Lump Sum Allowance or the Annual Allowance), the member is liable for taxation. This tax can be paid by the member or has to be paid by the Pension Fund on behalf of the member. The Pension Fund has paid £0k on behalf of members during 2025/26 (£27k 2024/25). Any individual lump sum or annual allowance tax paid on behalf of members is recovered from their future pension payments. No accruals are made for the recovery of this tax element on the grounds of materiality and the very long-term nature of its recovery. The Individual Lump Sum Allowance replaced the previous Lifetime Allowance which was abolished on the 6th April 2023.

### **N31. Events after the reporting date**

#### **Local Government Pension Scheme Pooling Arrangements – Subsequent Events**

Following the Government’s decision to reduce the number of Local Government Pension Scheme (LGPS) pools from eight to six under the “Fit for the Future” consultation, the Brunel Pension Partnership (Brunel), which previously acted as the Fund’s investment pooling partner, has commenced the process of being disbanded. As a result, the Fund, alongside a number of former Brunel partner funds, has entered new pooling arrangements with LGPS Central Limited.

With effect from 1st April 2026, the Fund became a shareholder in LGPS Central, together with thirteen other Local Government Pension Schemes. The combined assets to be managed within LGPS Central under the new arrangements are approximately £100 billion, reflecting the Government’s objective of creating larger pools of professionally managed capital.

As at the balance sheet date of 31st March 2026, there had been no formal legal transfer of investment assets from Brunel to LGPS Central. Accordingly, the 2025–26 financial statements reflect the Fund’s investment holdings and associated valuations without adjustment.

However, after the year end, the transition of assets has progressed as follows:-

- Private Market, passive equity, and fixed income investments have been transitioned through changes in associated delegations of authority effected through powers of attorney.
- The transition of the Fund's listed equity portfolios required a more complex process. Through significant collaboration between Brunel, LGPS Central and the Fund, professional transition managers were appointed to enable all listed equity assets to be successfully transferred by the end of May 2026.

As a result, 100% of all assets are now managed through LGPS Central, in line with the new pooling regulations.

The disbandment of Brunel and transition to LGPS Central represent non-adjusting post balance sheet events. On 31st March 2026, the Fund continued to hold its shareholding in Brunel, however, the future value and treatment of this investment is dependent on the outcome of Brunel’s wind-down process. Considering this uncertainty, the value of this shareholding has been written down within the 2025-26 statements to zero (£750,000, 2024-25).

Whilst the Fund does not consider that any further adjustment to the financial statements as at 31 March 2026 is required, there remains some uncertainty regarding any residual value or obligations arising from the Fund’s shareholding in Brunel, and the formal wind-down of the company, which is expected to commence from 1st July 2026

The Fund will continue to monitor developments and reflect any financial implications in future accounting periods as further clarity emerges.

## Fire Pension Accounts

### Fund Account for the year ended 31st March 2026

2024/25 Total £000		1992 FPS £000	2006 NFPS £000	Modified Schemes £000	2015 Care Scheme £000	2025/26 Total £000
	<b>Contributions Receivable</b>					
	Fire Authority					
-3,754	Contributions in relation to pensionable pay	-	-	-	-4,006	-4,006
-	Early retirements	-	-	-	-	-
-	Other: Ill health retirement	-	-	-	-	-
	Firefighters' contributions:					
-1,346	Normal	-19	-	-285	-1,394	-1,698
-7	Other: Added Years	-	-	-	-14	-14
	<b>Transfers in</b>					
-284	Transfers in from other schemes	-	-	-13	-20	-33
-	Additional Grant for Holiday Payments	-	-	-	-	-
	<b>Benefits Payable</b>					
7,938	Pensions	8,055	58	544	70	8,727
2,219	Commutations & lump sum retirement benefits	1,420	14	220	66	1,720
-	Lump sum death benefits	18	-	-	-	18
	<b>Payments to and on account of leavers</b>					
-	Refunds of contributions	5	-	-	-	5
-	Transfers out to other schemes	-	-	-	7	7
4,766	<b>Net amount payable for the year</b>	<b>9,479</b>	<b>72</b>	<b>466</b>	<b>-5,291</b>	<b>4,726</b>
-4,766	Top-up grant receivable (-)/ payable to Central Government	-9,479	-72	-466	5,291	-4,726
-		-	-	-	-	-

### Net Assets Statement for the year ended 31st March 2026

2024/25 Total £000		FPS £000	NFPS £000	Modified Scheme £000	2015 Care Scheme £000	2025/26 Total £000
	<b>Net current assets and liabilities</b>					
	<b>Current Assets</b>					
-	Contributions due from employer	-	-	-	-	-
-4,766	Pension top-up grant receivable from central government	-9,479	-72	-466	5,291	-4,726
	Recoverable overpayments of pensions					
	<b>Current Liabilities</b>					
-	Unpaid pension benefits	-	-	-	-	-
-5,168	Amount payable to central government	-	-	-	-5,291	-5,291
-	Other current liabilities	-	-	-	-	-
9,934	Amount owing to general fund	9,479	72	466	-	10,017
-		-	-	-	-	-

## Notes to the Fire Pensions Accounts

1. The Firefighters Pension Scheme is a defined benefit occupational pension scheme which is guaranteed and backed by law. From 1st April 2015, the Scheme changed from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE).
2. The Firefighters pension fund is administered by the County Council. There are currently four pension schemes for fire officers, all of which are unfunded defined benefit final salary schemes. Unfunded means that there are no investment assets held to meet the pension liabilities as they fall due.
3. During 2025/26 GCC implemented the national Matthews options exercise, which allows eligible retained firefighters to retrospectively access the 2006 Modified Scheme. Work during the year focused on issuing options, validating historic service data and processing elections in line with Home Office requirements. While the exercise remains ongoing, GCC has reflected any known financial

impacts within the Firefighters' Pension Scheme disclosures. The Matthews Scheme does not represent a new pensions scheme and figures are included within the Modified Scheme.

4. The four schemes include:

- 1992 Firefighters Pension Scheme (FPS- Closed to new members)
- 2006 New Firefighters Pension Scheme (NFPS - Closed to new members)
- 2006 Modified Firefighters Pension Scheme (Closed to new members)
- 2015 Firefighters Pension Scheme

Members starting after 1 April 2015, and members of the 1992 and 2006 Final Salary Schemes will move into the new 2015 Scheme, unless protections apply.

5. The fund is financed by contributions paid in by existing firefighters and the Fire Service with any balance receivable from or payable to the Home Office through the payment of the Fire Pensions Top Up Grant.
  6. Employees and employers' contribution levels are based on percentages of pensionable pay set nationally and are subject to triennial revaluation by the Government Actuary's Department.
  7. Pension benefits are payable from the fund in accordance with the relevant statutory provisions and include ordinary and ill-health awards. Any ongoing injury awards are not payable from the fund.
  8. The fund has been prepared to meet the requirements of the CIPFA Code. There are no administration charges included in the accounts and the fund's financial statements do not take into account any liabilities to pay pensions and other benefits after the period end.
5. The liability under IAS 19 is disclosed in note 30 of the Notes to the Accounts.

## Glossary of terms

### Accounting Policies

Those principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in Financial Statements through recognising, selecting measurement bases for, and presenting Assets, Liabilities, Gains, Losses and changes to Reserves. Accounting policies do not include estimation techniques.

### Accounting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Council. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

### Accrual

An amount to cover income or spending that has not yet been paid but which belongs to that accounting period.

### Actuary

An adviser on financial questions involving probabilities relating to mortality and other contingencies. Every three years the Scheme appointed actuary reviews the Assets and the Liabilities of the Fund and reports to the Group Director of Enabling & Transition on the financial position. This is known as the triennial actuarial valuation.

### Actuarial Gains and Losses

For a Defined Benefit Pension Scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

### Admitted Body

An organisation that chooses and is allowed by the Scheme to be admitted to the LGPS using an Admission Agreement in order to provide access to the Scheme for some or all of its employees.

### Amortisation

The writing down in book value of Intangible Assets to reflect the Asset's usage.

### Additional Voluntary Contributions (AVC's)

Contributions over and above a member's normal contributions which the member elects to pay in order to secure additional benefits.

### Capital Expenditure

Includes spending on the acquisition, creation or enhancement of Assets either directly by GCC or indirectly in the form of grants to other persons or bodies. Expenditure not falling within this definition must be charged to the General Fund as Revenue Expenditure.

### Class of Tangible Fixed Assets

The classes of Tangible Fixed Assets required to be included in the accounting statements are:

- Operational Assets
- Land and buildings
- Vehicles, plant, furniture and equipment
- Infrastructure assets
- Community assets
- Non-operational Assets
- Assets under construction
- Surplus assets held for disposal.

### Code of Practise (CODE)

A publication produced by CIPFA that provides comprehensive guidance on the content of a Council's SoAs.

#### Consistency

The principle that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.

#### Contingent Asset

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

#### Contingent Liability

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

#### Creditors

Amounts owed by GCC for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.

#### Debtors

Amounts due to GCC for work done, goods received or services rendered but which remain unpaid at the end of the financial year.

#### Dedicated Schools Grant (DSG)

A specific Government grant which funds schools and schools related expenditure. The grant is ringfenced and can only be used in support of the school's budget.

#### Deferred Charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, assets controlled by GCC.

#### Depreciation

The measure of the cost or revalued amount of the benefits of the Fixed Asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a Fixed Asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the Asset.

#### Derivative

A security whose price is dependent upon, or derived from, one or more underlying Assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying Asset. The most common underlying Assets include stocks, bonds, commodities, currencies, interest rates and market indexes.

#### Disclosure

Information that must be shown in the accounts under the CIPFA code of practice (CODE).

#### Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under GCC's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

#### Estimation Techniques

The methods adopted by an Entity to arrive at estimated monetary amounts corresponding to the measurement bases selected for Assets, Liabilities, Gains, Losses and changes to Reserves. Estimation techniques implement the measurement aspects of Accounting Policies. An Accounting Policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique.

#### Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the SoAs is authorised for issue.

#### Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of GCC and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the Accounts.

#### Exchange Traded Funds (ETFs/ET's)

A fund that tracks a selection or 'basket' of related securities within a Stock Market Index but can be traded on an Exchange like a stock or share.

#### Fair Value

The amount for which an Asset could be exchanged or a Liability settled at arm's length between knowledgeable parties.

#### Finance Lease

A finance lease involves payment by the lessee (the user) of the full cost of the asset together with a return on the finance provided by the lessor, usually payable over the anticipated life of the asset.

#### Funding Level

The relationship at a specified date between the actuarial value of Assets and the Actuarial Liability, normally expressed as a funding ratio or percentage.

#### Futures Contracts

A contract which binds two parties to complete a sale or purchase at a specified future date at a price which is fixed at the time the contract is agreed. Exchange Traded Futures Contracts have standard terms and margin payments are required.

#### Going Concern

The concept that GCC will remain in operational existence for the foreseeable future, in particular that the Accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

#### Government Grants

The assistance by Government and Inter-Government Agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of GCC.

#### Guaranteed Minimum Pension (GMP)

The minimum pension which a salary related Occupational Pension Scheme must provide in respect of contracted out contributions paid between April 1978 and 1997 as a condition of contracting out.

#### IFRS

These standards are issued by the International Accounting Standards Board. They are adapted under the auspices of CIPFA so as to apply to local authorities and consolidated in the Code of Practice on Local Authority Accounting.

#### International Accounting Standard (IAS) 19

International Accounting Standard (IAS) 19 outlines the accounting requirements for employee benefits, including short-term benefits (e.g. wages and salaries, annual leave), post-employment benefits such as retirement benefits, other long-term benefits (e.g. long service leave) and termination benefits. The standard establishes the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable, and outlines how each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

## International Financial Reporting Interpretations Committee (IFRIC) 12

The objective of IFRIC 12 is to clarify how certain aspects of existing International Accounting Standards are to be applied to service concession arrangements. A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets such as roads, bridges, tunnels, airports, energy distribution networks, prisons or hospitals. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the term of the arrangement.

### Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

### Impairment

A loss in the value of a Fixed Asset arising from physical damage such as a major fire or a significant reduction in market value. In addition, a reduction in value where there is insufficient unrealised gains in the revaluation reserve for that asset. A loss in the value of a financial instrument arising from market conditions.

### Infrastructure Assets

Fixed assets that are not able to be transferred and expenditure on which is recoverable only by continued use of the asset created. Examples of Infrastructure Assets are highways and footpaths.

### Investment Management

Investment management is the professional asset management of various securities (e.g. shares or bonds) and other assets (e.g. real estate) in order to meet specified investment goals for the benefit of the investors.

### Liquid Resources

Current Asset investments that are readily disposable by GCC without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

### Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

### Managed Fund

An arrangement where the assets of a scheme are invested on similar lines to the operation of unit trusts by an external investment manager.

### Market Value

The price at which an asset might reasonably be expected to be sold in an open market.

### Net Book Value

The amount at which Fixed Assets are included in the Balance Sheet, i.e. at their historical cost or current value less the cumulative amounts provided for depreciation.

### Non-Operational Assets

Fixed Assets held by a council but not used or consumed in the delivery of services or for the service or strategic objectives of GCC. Examples of Non-Operational Assets include investment properties and assets that are surplus to requirements, pending their sale.

### Operating Leases

A method of obtaining the use of an asset where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account

#### Operational Assets

Fixed assets held and occupied, used or consumed by GCC in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Council.

#### Options

The right but not the obligation to buy (call option) or sell (put option) a specific security at a specified price (the exercise or strike price), at or within a specified time (the expiry date). This right is obtained by payment of an amount (known as the premium) to the writer (seller) of the option and can be exercised whatever happens to the security's market price.

#### Over The Counter (OTC)

A market that is conducted between dealers by telephone and computer and not on a listed exchange.

#### Past Service Cost

For a Defined Benefit Scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

#### Pensionable Pay

The earnings on which benefits and/or contributions are calculated under the scheme rules.

#### Pension Interest Cost and Expected Return on Pensions Assets

For a Funded Defined Benefit Scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

#### Pooled Investment Vehicle

A fund in which a number of investors pool their assets which are managed on a collective basis. The assets of a pooled investment vehicle are denominated in units that are revalued regularly to reflect the values of underlying assets. Vehicles include open ended investment companies, real estate investment trusts and unit trusts.

#### Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

#### Projected Unit Method

An Accrued Benefits funding method in which the actuarial liability makes allowance for projected earnings. The standard contribution rate is that necessary to cover the cost of all benefits which will accrue in the control period following the valuation date by reference to earnings projected to the dates on which benefits become payable.

#### Public Works Loans Board (PWLB)

A Government agency providing long- and short-term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.

#### Quoted Investments

Investments that have their prices quoted on a recognised stock exchange.

#### Realised Gains/ (Losses)

Profit/(losses) on investments when they are sold at more/(less) than the purchase price.

#### Related Parties

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

- One party has direct or indirect control of the other party, or
- The parties are subject to common control from the same source, or

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

Examples of related parties of GCC include:

- Central Government
- Local Authorities and other bodies precepting or levying demands on GCC Tax
- It's subsidiary and associated companies
- It's joint ventures and joint venture partners
- It's Members
- It's Chief Officers, and
- It's Pension Fund.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household, and
- Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

#### Related Party Transaction

A Related Party Transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties
- The provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund
- The provision of a guarantee to a third party in relation to a liability or obligation of a related party
- The provision of services to a related party, including the provision of pension fund administration services
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and payments of benefits.

#### Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

#### Reserves

Amounts set aside in one year's accounts to be spent in future years. Some reserves are earmarked for specific purposes, and other general revenue balances are available to meet future revenue and capital expenditure.

#### Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

#### Scheduled Bodies

Local authorities and similar bodies whose staff are entitled automatically to become members of the Local Authority Pension Fund.

#### Tangible Fixed Assets - Property Plant & Equipment

Tangible Assets that yield benefits to GCC and the services it provides for a period of more than one year.

#### Transfer Value

The amount of a transfer payment, i.e. the payment made from a pension scheme to another pension scheme in lieu of benefits, which have accrued to the member or members concerned, to enable the

receiving arrangement to provide alternative benefits.

#### Trust Funds

Funds administered by GCC on behalf of others for such purposes as prizes, charities and specific projects.

#### Unitised Insurance Policy

Investors are issued with a life policy representing title. Investors' 'holdings of units' represent a means of calculating the value of their policy. The Life Fund/Company holds the pool of investments and is the owner of all the assets. The activities of Life Companies are regulated by the FSA.

#### Unit Trust

Unit Trusts are collective funds, which allow private investors to pool their money in a single fund, thus spreading risk, getting the benefit of professional fund management and reducing dealing costs. Unit trust trading is based on market forces and their Net Asset Value - that is, the value of their underlying assets divided by the number of units in issue. The activities of unit trusts are regulated by the FSA.

#### Unquoted Investments

Investments which are dealt in the market but are not subject to any listing requirements and are given no official status.

#### Useful Life

The period over which GCC will derive benefits from the use of a fixed asset.

#### Unrealised Profit

This is the anticipated profit that would be generated from selling the asset.

#### Venture Capital

The term used to describe a subset of private equity covering the seed to expansion stages of investment.

## Abbreviations

ATP	Adult Transformation Programme	ISS	Investment Strategy Statement
ACV	Additional Voluntary Contributions	LGPS	Local Government Pension Scheme
BCF	Better Care Fund	LGR	Local Government Reserve
BPHA	Bedford Pilgrims Housing Association	LOBO	Lender Option Borrower Option (Loans)
CARE	Career Average Revalued Earnings Scheme	MRP	Minimum Revenue Provision
CIES	Comprehensive Income and Expenditure	MTFS	Medium Term Financial Strategy
CIPFA	Chartered Institute of Public Finance and Accountancy	NDR	Non Domestic Rates
CFR	Capital Financing Requirement	NFPS	New Firefighters Pension Scheme
CPI	Consumer Price Index	NHS	National Health Service
CTI	Cost Transparency Initiative	NPV	Net Present Value
DRC	Depreciated Replacement Cost	ONS	Office of National Statistics
DSG	Dedicated Schools Grant	OSJ	Order of St John
EfW	Energy from Waste	OTC	Over the Counter
EHCP	Education Health and Care Plan	PCT	Primary Care Trust
ESFA	Education Skills Funding Agency	PFI	Public Finance Initiative
EUV	existing use value	PPP	Public-Private Partnership
FFR	Fair Funding Review	PPE	Property Plant and Equipment
FPS	Firefighters Pension Scheme	PRAG	Practical Guidance on Investment Disclosures
FRS	Financial Reporting Standards	PSAA	Public Sector Audit Appointments
FSA	Financial Services Authority	PWLB	Public Works Loans Board
FSS	Funding Strategy Statement	RCCO	Revenue Contribution to Capital Outlay
FVOCI	Fair Value Other Comprehensive Income	REIT	Real Estate Investment Trust
FVPL	Fair Value Profit and Loss	RICS	Royal Institution of Chartered Surveyors
GCC	Gloucestershire County Council	RPI	Retail Price Index
GFRS	Gloucestershire Fire and Rescue Service	ROU	Right of Use
GSWBP	Gloucester South West Bypass	RSG	Revenue Support Grant
IAS	International Accounting Standard	SEND	Special Educational Needs
ICB	Integrated Care Board	SoA	Statement of Accounts
ICO	Information Commissioner's Office	SORP	Statement of Recommended Practice
ICS	Integrated Care System	TOIL	Time Off in Lieu
IFRIC	International Financial Reporting Interpretations Committee	TPA	Teachers' Pensions Agency
IFRS	International Financial Reporting Standards	TVP	Technology Venture Partners
ISB	Individual School Budget	UBB	Urbaser Balfour Beatty

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