

## FINANCIAL AND OPERATIONAL OVERVIEW

**Summary:** To provide the Executive Committee with a summary of key activities this quarter and next steps.

**Recommendation:** That the Executive Committee notes the report.

**Report by:** Magda Glanowska – Head of Finance

### 1. KEY FINANCE ACTIVITIES THIS QUARTER (FY25/26 Q3)

#### Q3 Management Accounts (draft numbers)

- There are no concerns about major variances against forecast during quarter 3.
- The overall quarter-end position is showing an improvement against forecast for quarter 3. Total income to date is £3m, and overheads sit at £1.1m which broadly align with the forecast. So far, we have distributed over £215k in grants which is slightly behind schedule, but it is timing only. We also spent almost £140k of our CAPEX allocation and we anticipate spending our CAPEX allocation in full.
- The balance sheet is in healthy position with no concerns. Total capital assets and reserves stood at £2.9m compared to £2.3m as at 30 Jun 2025 (this includes large cash amount held for FiPL grants payments to be paid in Q4).

#### FY25/26 Reforecast (2)

- A reforecast for the year has been prepared in consultation with the budget holders based on Q2 financial results. This was discussed and agreed by the Finance and Governance Committee at their last meeting on 18<sup>th</sup> November.
- 2025/26 re-forecasted year-end position is showing **total reserves of £1,065k** (vs £794k budget and £1,317k prior year)
- Made up of:
  - **General Fund £76k** (budget £71k, prior year £79k)
  - **Designated Funds £250k** (budget £78k, prior year £278k)
  - **Restricted reserves £739k** (budget £646k, prior year £960k)
- The above is in line with the Board's Reserves Policy adopted in February 2025.
- The year-end forecasted position has slightly improved overall (+£46k net), there are no major changes vs Reforecast 1. The re-forecasted year-end position currently stands at deficit of -£286k. Please note even though this is negative, this is as expected and there are sufficient reserves to cover this deficit.
- Capital Uplift from DEFRA (£571k) – this has been fully allocated, and we are working on progressing individual projects.

#### FY26/27 Budgeting

- During last Finance and Governance Committee meeting, the Committee agreed final budget assumptions, high-level priorities, opportunities, and risks. Following that meeting budget holders worked together with the finance team to complete their budgets.
- All individual budgets have now been completed and consolidated into overall operational budget. These are currently being reviewed by Head of Finance and CEO.
- The draft budget will be presented and discussed at the F&G meeting in February 2026.
- Following the Committee's recommendations and any final changes, the budget will be presented for the Board's approval and final adoption on 24 February 2026.

### **New Finance Manager**

- We have been successful in recruiting a Finance and Programme Manager and we are delighted that Lyna Zhang will be joining our team on 23rd February. Lyna is a qualified chartered accountant bringing extensive finance expertise with her latest role being Finance Manager at Gloucestershire Wildlife Trust. Lyna will be working 60% for finance and 40% managing programmes incl. FiPL. We look forward to welcoming Lyna soon.

### **Internal Auditor recruitment**

- We have been searching for a new provider of Internal Audit Services since October last year.
- We have received four strong tender proposals and have shortlisted three organisations which were invited to a formal interview to discuss their proposals and approach in more detail.
- Interviews will take place week commencing 19<sup>th</sup> January and we are hoping to appoint a new Internal Auditor shortly after to be available to provide services from April 2026.

### **Pension valuation**

- Gloucestershire Pension Fund has recently completed 2025 valuation and shared the details of CNL valuation results including the employer contribution rates that will be applicable between April 2026 and March 2029.
- There has been a large shift in the funding environment since the previous valuation in 2022, mainly rising interest rates which have pushed up the expected future investment return across all asset classes predicted over the long term which in turn reduces the value placed on future pension benefits ("liabilities").
- The funding position at 'Whole Fund' level has improved to 152% (from 110% at 2022). This is a particularly good result, but it must be noted that the funding position only recognises benefits earned to date, therefore when setting contribution rates there is also a consideration of the cost of future service benefits.
- Cotswolds National Landscape funding level stands at 176% (+44% vs last valuation) and has £2.21m surplus (+£1.22m vs last valuation). This is an incredibly good result, and better than a 'Whole Fund' levels. Due to this, the contributions from 1 April 2026 will reduce to 13% of pay for the next 3 years (19.8% between 2022-2025).

### **Other**

- External audit for FY24/25 has been completed and all relevant documentations were published on our website.
- We have been successful in renewing our Cyber Essentials accreditation.
- **Making AGAR Digital** - Smaller Authorities Audit Appointments (SAAA) are currently progressing a project to make the submission of the Annual Governance and Accountability Return (AGAR) a digital process, using a standard website for all smaller authorities. I was approached to participate in their trial in Spring this year and also to join in the panel meetings as a practitioner to test this new development. The current plan is that the new system would be available to all smaller authorities from 2027 to cover the submission of the AGAR for the 2026/2027 financial year.

## **2. NEXT STEPS**

- Next Finance and Governance Committee meeting is taking place on 10<sup>th</sup> February 2026, when Draft Operating Budget will be reviewed and approved.
- Interviews for next Internal Auditor are taking place on 21<sup>st</sup> January 2026.

JANUARY 2026