

YEAR-END FINANCIAL RESULTS 2025-26

Summary: To provide the Board with a review of the year-end financial position of the Cotswolds Conservation Board for Financial Year 2025-26

Recommendation: That the Board notes the report

Report by: Magda Glanowska – Director of Finance and Corporate Services

1. FINANCIAL OVERVIEW

FY25/26 has been a challenging but ultimately positive year for the Board. The Board has delivered a strong financial outturn while successfully delivering a significant programme of activity and securing additional external funding to support future projects and priorities.

Significant projects, including Water Restoration and Outdoor Learning, have been successfully delivered during the year. The Board also secured £125k from the National Lottery Heritage Fund (NLHF) for a new Caring for the Cotswolds project. In addition, a successful bid to NLHF for the Landscape Connections project resulted in the first £103k tranche of funding in January 2026, these funds have been recognised as Receipts in Advance at year-end.

On 31 March 2025, DEFRA notified the Board of an extension to the Farming in Protected Landscapes (FiPL) programme, together with additional Access and Capital Uplift for FY25/26. These allocations were not anticipated during the budget-setting process and were confirmed at a very late stage in the financial year. The compressed delivery timescales created significant challenges for teams in ensuring the funding could be spent within the required timeframe. The Board successfully utilised the full £571k Capital Uplift allocation and £417k Access funding. Despite significant efforts by the team, the late notification, understaffed team and limited delivery window resulted in a FiPL underspend of £181k. In accordance with funding arrangements, this amount will be deducted from the Board's first FiPL claim in FY26/27.

Over the past three years, the Board has recognised the need to build a Development Fund reserve to strengthen long-term financial resilience, support future opportunities, and provide greater certainty around accommodation and operational requirements. The financial performance achieved during FY25/26 has enabled significant progress towards this objective, including securing a long-term office solution in June 2025 and utilising DEFRA Capital Uplift funding to secure a 10-year lease arrangements for the Board's new office accommodation. These achievements place the Board in a stronger financial position and improve its ability to respond to future opportunities and challenges.

The Board also continued to strengthen its governance and financial management arrangements during the year. Following a competitive procurement exercise, TIAA Ltd was appointed as the Board's new Internal Auditor and has successfully completed its first internal audit review for FY25/26. This provides additional assurance over the effectiveness of the Board's internal control environment and supports continuous improvement across governance, risk management and financial processes.

Investment has also been made in strengthening internal financial capacity. In February 2026, the Board appointed Lyna Zhang as Finance and Programme Manager (80% Finance), creating additional resilience within the finance function and increasing capacity to support programme delivery, financial management and future organisational development.

Looking ahead, the Board has received three-year indicative funding allocations from DEFRA covering FY26/27 onwards. Whilst these figures remain subject to confirmation through future Government spending decisions, they provide a valuable basis for longer-term financial

planning. During FY26/27, officers will use this information to develop a Medium-Term Financial Plan as part of a wider Medium-Term Financial Strategy, which will also incorporate Board's fundraising strategy. The plan for developing the Medium-Term Financial Strategy is presented separately as Item 8 (C) within the papers for this meeting, helping to ensure the organisation remains financially sustainable and well positioned to deliver its long-term objectives.

2. FINANCIAL RESULTS 2025/26

Below is an overview of the headline figures from the financial results for 2025/26. The Finance and Governance Committee has reviewed the detailed year-end financial information and has scrutinised the key variances against budget and forecast. The Committee is satisfied that the year-end position is in line with expectations and has no significant concerns regarding the financial outturn.

- **Total income for FY25/26 was £3.69m**, £111k below forecast and £532k lower than the previous year. The principal reasons for these variances are set out below:
 - £242k lower DEFRA Capital Uplift income than forecast due to DEFRA's agreed funding arrangement for the new office lease, whereby funding relating to future years of the 10-year lease is held by DEFRA and released annually over the remaining lease term.
 - This shortfall was partially offset by Other Grants, Donations and Legacies income, which exceeded forecast by £133k. Key contributors included £100k grant for LEI Hampnet, unforecasted income from Wild Oxfordshire's Gig Give Fundraiser (£10k), additional grant from National Trails (£20k) and additional income from Wardens' activities (£13k).
 - The reduction in income compared with FY24/25 is primarily attributable to changes in DEFRA funding streams, as summarised below.

Funding stream	FY24/25	FY25/26	Change
DEFRA Core	£529,743	£529,743	-
DEFRA Capital Uplift	£190,958	£329,212*	+£138,254
DEFRA Revenue Uplift	£190,958	£0	-£190,958
DEFRA Access For All Capital	£254,391	£417,391	+£163,000
DEFRA FiPL	£2,010,940	£1,369,084	-£641,856
DEFRA FiPL underspend PY		-£17,368	-£17,368
DEFRA FiPL Historic Buildings Restoration Grant	£132,608	£0	-£132,608
DEFRA Historic Buildings underspend PY		-£2,249	-£2,249
Total DEFRA Funding	£3,309,598	£2,625,813	-£683,785
Local Authority Contributions	£145,321	£162,002	+£16,681
Natural England	£76,669	£166,090	+£89,421
Total Funding	£3,531,588	£2,953,905	-£577,683
Generated Income (Other Grants, Donations, Interest Received, GCG)	£694,737	£740,251	+£45,514

*Total DEFRA Capital Uplift £571,745, £242,533 returned for future lease payments

The reduction in funding compared with FY24/25 is primarily attributable to lower FiPL allocations and the cessation of DEFRA Revenue Uplift and Historic Buildings Restoration Grant funding, partially offset by increased Capital Uplift and Access funding.

- **Grants Paid were £1.66m**, £260k less than forecast and £504k lower than previous year. The principal reasons for the variances are set out below:
 - £134k of FiPL grant paid under forecast (total underspent £181k), reflecting the late confirmation of the FiPL programme extension, compressed delivery timescales and late-reported project underspends.
 - £196k of grants not paid in Champions project due to delivery paused over winter and delays in reaching agreement with the estate owner. Following approval from Network Rail to expand the project scope, discussions with partners have resumed and delivery is expected to progress in 2026/27.
 - These underspends were partially offset mainly by unbudgeted grant expenditure, including DEFRA Access funding (£27k), National Grid LEI (£24k) and a number of smaller grant awards.
- **Total overheads for the year were £1.49m** (excluding capital expenditure), representing a £106k saving against forecast and a £110k reduction compared with the previous year. The principal reasons for the favourable variance are:
 - £47k reduction in payroll costs arising from the capitalisation of staff time directly attributable to capital projects;
 - £43k reduction in in contractors' costs across a number of projects.

The Board delivered an **overall net surplus of £212k** at year-end (FY25/26: £72k), comprising of a **£49k surplus on core** activities and a £164k surplus on restricted programmes. The core position represents a significant improvement against both the forecast deficit of £25k and budgeted deficit of £142k.

The balance sheet is in healthy position, with strong liquidity and reserves standing at £1,542,904 as at 31 Mar 2026 compared with £1,330,563 in the previous year.

Year-End Reserves position

- Total Reserves at the year-end were £1,543k (budget £794k, forecast £1,065k, prior year £1,316k).
- Made up of:
 - **General Fund £72k** (prior year £79k)
 - **Designated Funds £288k** (prior year - £278k) of which £259k held in the Development Fund to support future strategic priorities and organisational resilience.
 - **Restricted reserves £1,184k** (prior year £960k)
- The year-end reserves position is consistent with the revised Reserves Policy approved by the Board in February 2026.

Supporting documents

- Appendix A – Year End Financial Report 2025-26

JUNE 2026