

Narrative Statement



Finance
2024-2025



Background

The Accounts and Audit (England) Regulations 2015 requires local authorities to publish a 'narrative report' to comment on its financial performance and economy, as well as the efficiency and effectiveness in its use of resources over the financial year.

The narrative report is published along with the financial statements and the annual governance statement and must be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. The contents of this report should be read in conjunction with the Financial Statements and Annual Governance Statement to fully understand the context of the council's financial position.

Introduction

This narrative report summarises what we spent in 2024/2025 and what has been achieved in line with our priorities and transformation agenda. It provides a narrative context to the financial statements by presenting a clear and simple summary of our financial position and performance for the year, and our prospects for future years.

The narrative report has been produced to better inform residents about how and where money is spent in the current specific context of strengthening our governance arrangements, improving value for money across the services we provide, and how we demonstrate leadership for local communities.

The narrative report sets out our behaviours, values and standards for how we will conduct ourselves. It sets out some of the key governance, operational and financial challenges we continue to face and seek to address, to ensure we can operate in an open, accessible and transparent way.

Recent history

In recent years, we have faced significant challenges, requiring us to divert resources to urgent schemes arising from global and national events. These having included climate change pressures, the ongoing Ukraine war and the cost-of-living crisis. Much of this reactive work is now coming to an end, and we have settled into a new normal. However, this new era brings with it some turbulence in the economic market, unprecedented financial pressures due to further cuts in central government funding and limited financial support for local councils. These challenges necessitate a transformation in the way we deliver services.

We remain steadfast in our commitment to innovation and income generation to ensure that we continue providing excellent value-for-money to residents. Despite these obstacles, we have a balanced budget, and our council tax remains one of the lowest in the country and has consistently been so for many years—a testament to our expertise in achieving more with less. As we navigate these difficult times, we are determined to uphold our tradition of resourcefulness and efficiency for the benefit of our community.

Economic background

The UK economy has experienced modest growth and fluctuating inflation throughout 2024/25.

Overall, growth was positive, but there have been reductions in Gross Domestic Product (GDP) throughout the period. The Office of National Statistics (ONS) estimates that growth will be 0.1% in the last quarter of 2024 (Oct-Dec). Early estimates for 2025 suggest that there was a small decline in January 2025, but further growth in February 2025. Overall, it's estimated that the economy will grow 1.4% more in quarter 4 of 2024/25 than the same period last year.

Inflation continues to increase, but at a lower rate than the previous 12 months. Consumer Price Index (CPI) rose by 2.6% in the 12 months to March 2025, compared with 3.2% to March 2024. This is still above the Bank of England 2% target at the end of the period.

The Bank of England Monetary Policy Committee (MPC) has made several reductions to the base interest rate throughout 2024/25. These changes are primarily in response to evolving inflation. At the start of the financial year the rate had been maintained at 5.25%. There were three decreases between August 2024 and February 2025, with it being 4.5% at the end of the financial year. There has been a further 0.25% reduction in May 2025.

The issues above cause huge uncertainties and risks to the council in the future, with inflation impacting our core budgets and increasing demand on our services. As interest rates come down, this will impact our return on investments, but borrowing will be less expensive.

Local government finance

Local government settlements have now remained on an annual basis for six years running. This makes it very difficult for the council to budget in the medium to long term. The final settlement for 2025/26 was sent on 3 February 2025, giving clarity on the funding from 1 April 2025.

The main headlines relevant to Tewkesbury Borough were:

- Only a 1% increase of core spending power from 2024/25. More funding being allocated to social care.
- Council tax calculation assumptions to maximise core spending power increase.
- The service and rural grants have been abolished.
- Funding guarantee grant reduced to £1.5m.
- Final year of new homes bonus.
- A further year delay to the Business Rates Retention scheme reset to 2026/27.

There is a clear indication that the government is focusing funding on critical sectors, such as social care. The council faces uncertainty in the future due to changing government priorities and Local Government Reorganisation. However, both corporate and service-related financial pressures continue to have a significant impact on the council's forward projections of its financial position. These include:

- Increased salary growth pressure.
- The local impact of high inflation on service budgets.
- Increasing demand for additional resources to meet a range of service requirements and pressures.
- Growth within our services and our council plan ambitions.
- Local Government Reorganisation.

Best estimates have been made of the future financial position of the council within the Medium Term Financial Strategy (MTFS) based on current assumptions of both government and local policy. Clearly, the projections within the MTFS are subject to potentially significant change as a result of government policy.

The government's latest vision is to create simpler local government structures, primarily through unitary authorities. In December 2024, the English Devolution White paper was released, outlining plans for widespread reorganisation. Gloucestershire has been placed into phase two of the reorganisation, whereby strategic proposals of a unitary authority must be submitted by Autumn 2025. The intention is for Gloucestershire to be a unitary authority by April 2027. The future of the authority is unknown. A key objective leading up to, and into, the reorganisation is ensuring the authority remains financially stable. For example, ensuring a sufficient level of reserves to fund any unknown and unpredictable costs.

What the accounts tell us

The Comprehensive Income and Expenditure Statement (CIES) shows how we have earned and spent our resources over the past year, in accordance with international financial reporting standards (accounting standards) rather than the amount to be funded by council taxpayers (in accordance with statutory requirements). The surplus on providing core services to the public is £11.3m, however, the overall surplus for the council, which includes changes in the value of property and pension fund, is £12.5m.

The main reason for the surplus on core services is due to a large amount of Community Infrastructure Levy (CIL) received in year. CIL is a demand put on developers to ensure adequate infrastructure will be included in and surrounding new developments. The total CIL income on the CIES is £7.6m compared with £3.5m last year.

The overall surplus contains revaluations on property and items concerned with the pension liability, which do not form part of the day-to-day operations of the council. These are included in the CIES in accordance with accounting standards. There are a number of disclosures in the surplus on provision of services which are not actual costs in year, depreciation and current service pension costs calculated by an actuary, they are required to be disclosed by accounting standards. These disclosures have statutory overrides which means they are removed from the reported position in the CIES, giving us the actual impact on the general fund balances, which is funded by council taxpayers.

The Expenditure and Funding Analysis is a more useful statement for readers of the accounts as it sets out the revenue expenditure in the year which is being funded from taxpayers. This statement follows local government legislation (rather than accounting standards) and is set out in the same format as the financial performance reports taken to Executive Committee on a quarterly basis. This statement shows the outturn position for the year and the effect on our revenue reserves. In 2024/25, this shows a £720k deficit on the provision of services. This includes all income and expenditure spent from reserves that were set aside at the end of the previous financial year, which were earmarked for specific projects and one-off grant monies received by the council. These one-off projects are not financed from the annual revenue budget funded from the taxpayer. In 2024/25, the deficit is predominantly due to planned use of reserves and from developer contributions (including CIL) which are spent on specific projects.

To understand what re-occurring expenditure has been spent by the council against the approved budget, the Annual Outturn Report is presented to the Executive Committee, separately from the financial statements.

The Movement in Reserves shows how the council has generated and expended resources in the year in accordance with accounting standards and the statutory adjustments required to return the amounts chargeable to council tax for the year. This year, our general fund balance remains at £1m in order to safeguard the authority from uncertainties around government intentions and the economic outlook. The purpose of the General Fund is to ensure cash flow and to provide contingency should unplanned expenditure be incurred. The deficit on the revenue position is set aside for specific projects and shown in earmarked reserves. The earmarked reserves have increased by £128k during the year. The council held £15.1m of balances to fund one off projects in 2024/25. This balance could be used to support the budget and core services if necessary. Therefore, the council is not considered at risk of issuing a Section 114 notice in the near future. This a formal report issued by a chief financial officer when they believe expenditure will exceed available resources.

The balance sheet shows the council's financial position at the 31 March, i.e. its net resources at the year end. The reserves are shown as usable (i.e. those which the authority can use to support future service provision) and unusable. The unusable reserves contain negative figures for items such as the Pensions Reserve (£10.8m) and £2.4m for Short-term Accumulating Compensated Absences Account (leave accrued and not taken) which represent amounts which need to be funded in the future. The council had a total of £51m of usable reserves at the end of the financial year.

The final statement is the cash flow, which shows the cash movements during the year. The difference of £3m between the opening cash and cash equivalents and the closing figure represents an increase in available cash to £9.9m at year end. The council had £6.5m of liquid investments in 2023/24 and £9.8m in 2024/25.

How the council spent your money 2024/2025

Services	£'000 net expenditure
Chief Executive Unit	418
People Culture and Performance	564
Transformation	615
Executive Director of Place	53
Communities	8,262
Planning	-762
Garden Communities	372
Executive Director of Resources	215
Corporate Resources	2,384
Finance	1,187
IT, Digital and Cyber	1,763
One Legal	493
	<hr/>
	15,564
	<hr/>
Total Cost of Services	15,564
Other	
Commercial investments	- 3,261
Business rates	- 5,767
Precepts	- 6
New homes bonus	- 32
Treasury management	- 1,012
Government grants	- 3,544
Transfers and movement in reserves	- 1,222
	<hr/>
	- 14,844
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Total other	- 14,844
Balance	720
Impact on General Fund Reserve	720
Opening general fund balance	1,000
Closing general fund balance	1,000

About Tewkesbury Borough

Our borough is predominantly rural and located in the northernmost district of the south-west region. We are situated in the southwest, with the west midlands to our north.

Our population is approximately 95,000 and the borough includes almost 41,000 households spread across 160 square miles. Our borough includes parts of the Severn Vale and the Cotswolds Area of Outstanding Natural Beauty and stretches south to the outskirts of Gloucester and Cheltenham. Based predominately around the M5, we are well connected across the country.

Most of our population live in rural areas and large market towns. The diverse and contrasting range of settlements within our borough provides a high-quality environment in which to live and this, combined with our excellent strategic location, makes the area an ideal place for economic and business growth.

Despite its rural character, our borough includes a wide range of economic activity ranging from large multinationals to micro-businesses. We are an established centre for high quality manufacturing and home to world-class, high-tech aero-engineering firms.

We boast many incredible arts and heritage institutions and host exciting community events all year round. Held on council land, Tewkesbury Medieval Festival is widely regarded as the largest free medieval gathering in Europe with over 2,000 re-enactors and traders travelling from as far afield as France, Belgium, Spain, Italy, Germany and Poland. We also support the Tewkesbury Aquathlon and Tewkesbury's Big Weekend and many other festivals across the borough.

Council Plan

The Council Plan 2024-2030 introduced a six-year blueprint outlining new priorities across eight key areas where we aim to make a meaningful difference in our communities.

By placing communities at the heart of everything we do, our three priorities are interconnected and play a central role in shaping our strategic planning and decision-making. These priorities form the foundation upon which the Council Plan is built, enabling us to effectively manage resources and address the most pressing issues facing our communities.

However, the introduction of Local Government Reorganization (LGR) and devolution highlighted the need to reassess our priorities and adopt an ambitious three-year timeline. This adjustment ensures that as we navigate these changes, we remain committed to meeting the needs of our residents, businesses, and communities effectively.

Vision and values

The overarching principle for all our work is our vision - **“Supporting people, strengthening communities.”** How we achieve our vision is as important to us as the vision itself. We are defined by

how we behave and what we do, so we must be driven by clear values. They play a vital role in shaping our culture, actions and decision making.

We have adopted the following values which underpin our activities:

Open and honest:

We are committed to fostering trust, clarity, and accountability in everything we do. We will be transparent and honest in our work and communications, and ensure decisions are made in the best interests of our communities.

Respectful:

Being respectful to others is fundamental to building strong, trusting relationships with our communities and with our colleagues. We will treat others with courtesy, listen to different points of view and acknowledge diversity of opinions.

Inclusive:

We want everyone to feel valued and heard. We are committed to fostering an inclusive environment where individuals, regardless of their backgrounds, disabilities, identities or perspectives are welcomed and represented.

Our performance management and service plans

Our performance approach is a critical means by which we can make use of performance information to challenge our effectiveness, improve our services and make them more customer friendly. Delivery of the Council Plan is monitored through a performance tracker. Supporting this tracker is a set of Key Performance Indicators (KPI) and key financial monitoring information.

All performance information is reported on a quarterly basis to our Overview and Scrutiny Committee. By way of further challenge, this committee's comments and observations are reported to the Executive Committee by the chair of Overview and Scrutiny Committee, and action is taken where necessary.

Each service group also produces an annual service plan. The delivery of service plan actions forms part of normal business through management dialogue, one-to-one meetings and lead member briefings. At an individual level, there is a Personal and Professional Development (PPD) framework supported by a behaviours' framework through which individual performance and development can be monitored.

Our 2024/25 highlights

As we navigate Local Government Reorganisation, we are firmly committed to our three priorities and established eight areas of focus. These are specific areas that require our attention, each having deliverable actions, against which we will monitor and report progress. On page eight, you will find some of our key achievements under each of our Council Plan focus areas.

Our three priorities and eight areas of focus



Climate and ecological emergency

- We have enhanced energy efficiency with an LED lighting upgrade in our Tewkesbury-based offices, and we are already seeing a 50-60% reduction in the energy used for office lighting, leading to both financial and carbon savings.
- The solar canopy at our Public Services Centre surpassed half a million kilowatt hours (500,000kwh) of electricity since it was installed in 2022. By using less energy from the grid, we are helping to reduce the amount of fossil fuels that generate greenhouse gas emissions
- Council approved the new hedgerow, tree and woodland management policies. These policies align with our priority to care for the environment and addresses the climate and ecological emergencies declared by the council. The new Tree and Woodland Management Policy, developed with the support of the Woodland Trust, incorporates Tewkesbury Borough Council's existing 'Tree Safety Management Policy' which recognises that public safety around trees and woodlands is a priority, while ensuring that new and existing trees and woodlands are being managed in the most nature-friendly way possible.
- Eight electric vehicle charge points have been installed in Tewkesbury town centre's Spring Gardens car park, providing a significant boost to the local electric vehicle community. This investment will also give visiting electric vehicle drivers confidence that there will be charging availability when they arrive. Other borough council-owned car parks will have charge points installed in the future as part of an ongoing programme which is part-funded by the UK Government's Shared Prosperity Fund.

- Low carbon communities programme provided advice to 50 homeowners on installing energy efficiency measures, helping to improve their heating and comfort levels as well as saving them money on energy costs.

Flood resilience

- Recruited an Emergency Planning project officer, to lead on the development, implementation, and maintenance of effective emergency plans to ensure we are prepared for a wide range of emergencies and / or major incidents and in the event of flooding work with the Environment Agency, Gloucestershire County Council, town and parish councils, emergency services and community groups to undertake mitigation work, coordinate efforts, and share data and expertise.
- Project work is underway for flood resilience/mitigation in Churchdown, Walton Cardiff, Alderton, Tirley and Stanway.

Place

- Through the High Street Heritage Action Zone project, 36 commercial property façades were renovated through shopfront grants.
- New pedestrian signage and interpretation boards installed across the town centre, Warder's Alley and Post Office Lane repaved, Smith's Lane resurfaced, and riverside railings and walls repaired.
- Completed a Tewkesbury Heritage strategy and the development of a draft town centre masterplan.
- Designs for a visitor information point at the Cotswolds Designer Outlet developed and ready for fit out.
- Supported the development of new community orchards with the planting of 130 new orchard trees in nine communities.
- Secured S106 funding for significant community infrastructure to mitigate the impacts of developments.
- New Tewkesbury Safe scheme launched to support local businesses, supported by our Community Safety Partnership.
- Funding advice given to over 45 community groups and organisations since September.
- Enabled over 12,000 visits to 12 new and existing warm spaces.
- Funded seven food banks and pantries to support over 760 vulnerable households with access to food.
- Supported 17 community centres with energy efficiency measures worth £209,000.
- Represented five businesses at British Tourism and Travel Fair, engaging with over 100 travel trade organisations. Press and PR campaigns delivered, including hosting a press trip with national B2C press.

Managing growth

- Provided Net Zero advice service and support to businesses.
- Successfully launched a specialist advisor service for businesses in the Advanced Engineering and Manufacturing (AEM), which has supported over 60 businesses to grow.
- Appointed research consultancy GC Insight to gain a deeper understanding of the AEM sector in Tewkesbury Borough. This has included survey work and stakeholder consultation, to provide an evidence base that will help underpin future strategy to develop the AEM sector.
- Provided business support for 352 businesses, resulting in 39 new jobs created, 108 jobs safeguarded, 81 new entrepreneurs assisted to be enterprise-ready, 54 enterprises increasing their revenue following support, and 32 enterprises engaging in new markets.
- Delivery of Help to Thrive initiative which has actively supported 24 local businesses, helping them to create new experiences and learn how to market themselves successfully online.
- Start-up navigator support, including start up workshops which assisted the development of 17 new enterprises.
- Employment Outreach Skills Hub funded Gloucestershire County Council to help 18 economically-inactive residents to get back into work, training, volunteering or skills development.
- Delivered two Garden Communities engagement events, providing activity updates over the last 12 months and a brief of future activity.

Housing and homelessness

- Delivered 366 affordable properties, including 22 social rents.
- Supported Rooftop Housing in the regeneration of Crown Close, Bishops Cleeve, delivering 28 properties.
- Paid just over 70,000 discretionary housing payments to vulnerable residents facing difficulty with housing costs, helping to keep people in their homes and reducing the impact on claimants' mental health, and the impact on housing needs.
- Implemented new premium charges for council tax to empty homes, increasing revenues for the authority, and with the aim to bring homes that have been empty for a prolonged time back in to use.

Economy

- Provided business support services through Tewkesbury Growth Hub – assisting over 1,200 businesses to start or grow.
- Through support from the UK Shared Prosperity Fund (UKSPF), we have developed additional services through Tewkesbury Growth Hub, including:
 - o Net zero business advice.
 - o A start-up business navigator.
 - o Specialist advisor service for businesses in the AEM sector.
 - o Delivery of two enterprise ready business events.

- Completed over 167 business growth support plans.
- Over 860 businesses have visited or worked from Tewkesbury Growth Hub.
- Delivered 52 tailored workshops and one-to-one advice sessions.
- Supported and upskilled over 200 business attendees through events.
- Delivery of Rural England Prosperity Fund (REPF) Business Grant Programme – round one.
- Successfully awarded two REPF business grants, supporting rural business growth and productivity.
- Delivered the first Tewkesbury Borough Business Voice Networking Event, attracting over 60 delegates – helping local businesses to connect, share insights and learn about key developments and plans in the area.
- Drafted an Economic Development and Tourism Strategy for the borough.
- Promotion of inward investment opportunities in three key sectors – marketing on an international stage.

Young people

- Working with the Integrated Locality Partnership, supported 73 young people onto a mentoring programme – with 63% reporting improved wellbeing.

Health and wellbeing

- Worked alongside Barnwood Utd FC since their acquisition of Coopers Edge Sports Hub, helping them to develop and grow their club in the local community.
- Launched Homelands Community Centre tender, advertising management of the community space.
- Worked with Longlevens AFC to take on Meadow Lane Pavilion and pitches.
- Enabled over 12,000 visits to 12 new and existing warm spaces.
- Funded seven food banks and pantries to support over 760 vulnerable households with access to food.
- Supported 17 community centres with energy efficiency measures worth £209,000.
- Financially supported the Citizen's Advice Bureau to support and provide advice to over 800 residents suffering from a variety of issues.
- Through the Household Support Fund, provided supermarket vouchers to over 2,700 households.
- Reviewed the work we do with the Armed Forces Covenant, to provide a more comprehensive offer to veterans and those currently serving in the armed forces.

Future plans

During the course of the year, we began a borough-wide consultation for a new name – one that was more inclusive and representative of the whole borough. Following extensive consultation and good engagement from residents and businesses, in September 2024, Council approved the change of name to North Gloucestershire Borough Council.

In late December, central government announced their plans for devolution and Local Government Reorganisation, which means that all two-tier councils will be replaced with unitary authorities – single councils for larger geographic areas.

On 28 January, our councillors voted not to proceed with the proposed name change for the council. Work is now underway to submit proposals for a unitary authority to central government.

Work is also underway to reshape how we meet the needs of our communities by introducing a new Place Programme. Our new approach will use local insight and feedback to improve our data on important issues. This will help us to provide support where it's really needed in different areas in our borough.

Supporting the delivery of the new Council Plan, a new policy and strategy framework is in place to help develop and shape all new council policies and strategies. Additionally, our corporate culture and change management programme 'Future Ready' is helping us to not only achieve our ambition of becoming a high-performing organisation, but also to build resilience and equip our staff with the skills needed to navigate future challenges effectively. This will strengthen our readiness to become a unitary authority, ensuring business continuity and service stability throughout the transition.

The programme embraces data and insight; it is about transforming the council into one that has clear goals and objectives, aligning systems, processes and governance to enable a smooth transition into any future arrangements. It will enable us to deliver the outcomes set out in the new plan, and provide targeted support to those who need it, particularly our most vulnerable residents.

