

STRATFORD ON AVON DISTRICT COUNCIL DRAFT STATEMENT OF ACCOUNTS 2025-26

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WELCOME TO THE STATEMENT OF ACCOUNTS

We hope you find these accounts both interesting and informative. Together with the accompanying notes, they explain the Council's services and how your Council Tax was spent during the year.

The Statement reflects the current formats and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES).

The Expenditure and Funding Analysis (EFA) provides an analysis based on how the revenue budget is monitored throughout the year. The EFA explains what adjustments are made to generate the annual statutory accounts from the management accounts prepared during the year.

The net revenue expenditure for all of the Council's services was £22.065m, compared to a revised budget of £19.733m. This resulted in a service overspend of £2.332m. Along with the budgeted contribution to the General Fund Reserve, slippage, and other movements such as allocations to and from Earmarked Reserves, this has resulted in an overall General Fund Reserve increase of £6.491m.

£15.874m (inclusive of Parish Precepts) was received from Council Tax payers. The Council Tax levy at Band D was £169.12 per domestic property per year.

The 2025/26 Capital Expenditure Amended Estimate (inclusive of 2024/25 slippage) was £13.723m. Due to circumstances beyond the Council's control, including progress by external bodies or organisations, spending on some major projects had to be deferred until 2026/27. The final 2025/26 capital expenditure undertaken during the year was £2.271m.

At 31 March 2026 the Council held a total of £20.641m in the General Fund Balance with £5.228m in available capital receipts. The Council had no outstanding debt.

Councillor David Curtis, Portfolio Holder for Resources
Richard Burrell, Head of Resources and S151 Officer

NARRATIVE REPORT

1. Introduction

This Statement of Accounts presents the financial position of the Council for the year ended 31 March 2026. The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice. This narrative report provides a brief explanation of the financial aspects of the Council's activities and a guide to the significant matters reported in the accounts.

2. An Introduction to Stratford-on-Avon

Stratford-on-Avon is a local government district of southern Warwickshire in England. The District is named 'Stratford-on-Avon' to distinguish it from its main town of Stratford-upon-Avon where the District Council is based. The District covers a large rural area with 109 parishes. The District shares its borders with the districts of Solihull, Warwick, Wychavon, Redditch, Bromsgrove, Cherwell, South Northamptonshire and West Oxfordshire. The District encompasses beautiful countryside and Stratford-upon-Avon is the home of Shakespeare's Birthplace.

In the last Residents Survey undertaken in 2024, our residents told us that the quality of life in the District was good, with 83% of them satisfied with their local area as a place to live.

In mid-2024, the District was estimated to have a population of 146,258 residents with the age profile represented below. The median age for the district was 47.7 years.

Age Structure	Count	%
0 – 15 years	23,914	16.4%
16 – 64 years	85,247	58.3%
65 years and over	37,097	25.4%

Stratford-on-Avon has an older population when compared with the national averages, with 25.4% of residents aged 65 plus, compared to an England average of 18.9%.

Stratford-on-Avon District has the highest median house price in the West Midlands. As at quarter 3, 2025, the median house price in the District was £370,000. This compares to £279,000 in the West Midlands.

The number of people employed in the District was 61,100 (December 2025). The claimant count for those out of work was 2.3% (1,920 people) as at March 2026, the Great Britain figure was 3.9% and for the West Midlands 5.3%.

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3. About Stratford-on-Avon District Council

Residents of the District are represented by 40 councillors. The political make up is as follows:

Political Party	Number of Councillors
Liberal Democrat Party	24 councillors
Conservative Party	9 councillors
Green Party	3 councillors
Independent	2 councillors
Reform UK	2 councillors

The Council has a Cabinet structure which is made up of 7 Councillors; Cllr Susan Juned was the Leader of the Council for the financial year 2025/26. The Council also has specific committees in relation to Planning, Overview and Scrutiny, Regulatory functions, Audit and Standards, and Employment and Appointments.

The Council employs a workforce of approximately 347 staff to manage and deliver services to residents. The management structure for the Council is shown below:



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NARRATIVE REPORT

The Council has an adopted Sourcing Strategy which is used to help determine the most appropriate route of providing services to our residents.

The council provides services provides services by joint working, strategic partnerships and via third parties. A summary of the major areas is shown below:

Council Provides

- Housing services including Homelessness function
- Planning, both establishing Policy and Development Management
- Environmental Health, including food inspections
- Housing Benefits and Council Tax
- Electoral Services
- Customer Services
- Property Services
- Land Charges
- Licensing, including Taxis
- Support Services, including Finance, HR
- Business Rates administration
- Legal Services
- ICT Services
- Internal Audit
- Information Governance
- Payroll Services
- Disabled Facility Grants
- Parking Services

Strategic Partnerships

- Support to the Citizens Advice Bureau
- Voluntary Action Stratford on Avon
- Tourism, Shakespeare's England

NARRATIVE REPORT

Provided by Third Parties

- Leisure Centres
- Refuse and Recycling services
- Grounds Maintenance, including grass cutting
- Street Cleaning services
- Building Cleaning, including public toilets

4. The 2025/26 Budgeting Process

The 2025/26 budget process was influenced by the continuing need for savings whilst maintaining Council services to residents along with the ongoing uncertainty surrounding the longer-term financial settlement. The net budget of £23.272m was approved by the Cabinet and Council in February 2025. The approved budget included an increase in the Council's Council Tax precept of 3.0% (£5.00 for a band D property) and an assumed increase of 1.58% in Council Tax base resulted in an income from Council Tax of £10.600m.

5. Financial Performance 2025/26

The net revenue budget approved by the Cabinet and Council in February 2025 was revised to £19.733m. Actual net expenditure for the year was £22.065m. There is a overspend of £2.332m at service level.

	Final Budget	Outturn	Variation	Variation
	£'000	£'000	£'000	%
Chief Executive	1,149	1,218	69	6.1%
Deputy Chief Executive	(333)	488	821	-246.5%
Head of Development	3,028	2,300	(728)	-24.0%
Head of Environmental and Neighbourhood Services	5,314	5,815	501	9.4%
Head of Housing Revenues and Customer Services	6,953	5,938	(1,015)	-14.6%
Head of Law and Governance	2,442	2,318	(124)	-5.1%
Head of Resources	566	3,424	2,858	505.2%
Total Cost of Services	19,118	21,501	2,383	12.5%
MRP	615	564	(51)	-8.3%
Net Cost of Services	19,733	22,065	2,332	11.8%

It should be noted that this table details the Council's final net revenue expenditure analysed by service. This reflects the net amount to be met by funding. This differs from the Net Cost of Service in the Comprehensive Income and Expenditure Statement because of the exclusion of costs relating to depreciation, revenue expenditure funded from capital under statute and certain pension adjustments.

Note 5 to the Financial Statements, the Expenditure and Funding Analysis, identifies the Net Expenditure above along with the accounting amendments to provide a reconciliation to the Comprehensive Income and Expenditure Statement.

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There are numerous variances, all of which will be reported in detail to the meeting of The Cabinet on 6th July 2026. The report can be found here (Item 11):

<https://democracy.stratford.gov.uk/documents/g6957/Public%20reports%20pack%2006th-Jul-2026%2010.00%20The%20Cabinet.pdf?T=10>

The funding of services is as follows:

	Final Budget	Outturn	Variation	Variation
	£'000	£'000	£'000	%
Funded by:				
Business Rates Retention	(6,100)	(5,255)	845	-13.9%
Section 31 grant		(6,182)	(6,182)	
Levy payment		2,748	2,748	
Council Tax Demand on the Collection Fund (inc precepts)	(15,874)	(15,874)	0	0.0%
Collection Fund (Surplus)/Deficit	42	156	114	271.4%
Parish precepts	5,273	5,273	0	0.0%
General Grants	(6,453)	(10,794)	(4,341)	67.3%
Contributions to/(from) General Fund Balance	3,379	7,863	4,484	
Total Funding	(19,733)	(22,065)	(2,332)	11.8%

The Council's General Fund unallocated reserves as at 31 March 2026 totalled £20.641m, and earmarked reserves of £39.458m. The minimum level of reserves for the Council to maintain as specified by the Council's Chief Finance Officer is £3m.

The gross cost of service provision amounts to £89.048m, and has been analysed by type as shown below:

Surplus / Deficit on the Provision of Services £'000		Surplus / Deficit on the Provision of Services £'000
16,165	Employee benefits expenses	17,104
32,796	Other service expenses	46,756
5	Interest payments	4
	Depreciation, amortisation, impairment etc	2,951
5,918	Housing Benefit payments	16,923
19,491	Precepts and levies	5,273
4,555	Investment Properties changes in fair value	40
402		
(376)	Gains on the disposal of assets	(3)
78,956	Total Expenditure	89,048

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The Council received gross income of £96.235m. This is analysed by type as follows:

2024-25		2025-26
Surplus / Deficit on the Provision of Services £'000		Surplus / Deficit on the Provision of Services £'000
(23,550)	Fees, charges and other service income	(38,350)
(4,989)	Interest income	(4,348)
(333)	Investment income	(297)
(16,264)	Council Tax and Non-Domestic Rate income	(18,225)
(19,029)	Grants and Contributions	(18,289)
(19,071)	Housing Benefit Income	(16,726)
(83,236)	Total Income	(96,235)

The capital budget of £2.619m was approved by the Cabinet and Council in February 2025. This was subsequently revised to £13.723m with the addition of schemes brought forward from the previous financial year and further approvals in year. Capital expenditure for 2025/26 was £3.135m.

There was an under-spend on the revised capital programme in 2025/26 of £10.587m. The final capital position, agreed sums to be carried forward to 2026/27 and funding to be approved by The Cabinet on 6th July 2026 and can be found here (Item 9):

<https://democracy.stratford.gov.uk/documents/g6957/Public%20reports%20pack%2006th-Jul-2026%2010.00%20The%20Cabinet.pdf?T=10>

The table below shows how the Council financed its capital expenditure:

	2025/26 Revised Budget £ (000)	2025/26 Provisional Outturn £ (000)	2025/26 Variance £ (000)
Deputy Chief Executive	5,415	909	(4,506)
Head of Law & Governance and Monitoring Officer	75	0	(75)
Head of Resources and S.151 Officer	681	220	(462)
Head of Development	13	0	(13)
Head of Housing & Customer Services	639	458	(181)
Head of Environmental & Neighbourhood Services	2,661	685	(1,976)
S.106 Projects funded by S.106/CIL contributions	4,238	864	(3,373)
Total Capital Programme	13,723	3,135	(10,587)

	2025/26 Revised Budget £ (000)	2025/26 Provisional Outturn £ (000)	2025/26 Variance £ (000)
Funded By:			
External Grants & Contributions	4,288	914	(3,373)
Revenue reserves	5,307	1,199	(4,108)
Use of Capital Receipts	3,878	1,022	(2,856)
Borrowing Requirement	250	0	(250)
Total Funding	13,723	3,135	(10,587)

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A total of £5.228m has been carried forward in reserves to preserve funding for existing projects in future years. There was one significant new project added to the capital programme.

6. Non-Financial Performance 2025/26

The Council approved its Council Plan 2023-2027 at its meeting in December 2023. This Plan identifies the priorities for the Council over these four years and is used to help determine the allocation of resources. To support high level strategy, an annual action plan is also approved. 64% of the Key Performance Indicators had achieved their targets set for 2025/26.

7. Key achievements during 2025/26 include:

- The Council's leisure centres across Stratford-on-Avon District offered free memberships to people living with Parkinson's and free swimming sessions to people living with dementia during Dementia Action Week.
- Stratford-on-Avon partnered with the Graham Fulford Charitable Trust (GFCT) to offer a series of subsidised health screening events for both men and women across the District.
- The Council's Waterside Upmarket in Stratford-upon-Avon was crowned Best Large Outdoor Open Market 2026 at the National Association of British Market Authorities.
- The Council approved the new Climate and Nature Recovery Strategy.
- The Council ranked second best for climate action in Warwickshire in June 2025.
- The Council launched the Warm Homes Local Grant to help residents keep their homes warm and reduce the cost of energy bills.
- The Council's community safety team were shortlisted for a national award in the category of 'local authority of the year'.
- The Council launched its newly refreshed website, developed entirely in-house at no cost, delivering greater value for residents and improved access to essential services.

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8. Council Plan

The Council Plan was approved by Council on 11 December 2023. The Council Plan includes six key themes and a total of nineteen objectives which are split over three distinct groups.



We will live by

- Be a transparent Council, fostering the levels of trust and understanding of responsibilities between the Council and the Public.
- Making the best decisions in the public interest.
- Holding ourselves and others providing public services to account more effectively for the benefit of the communities served.

We will deliver

- To improve access to Council services to those throughout the District.
- To improve the effectiveness of the Council through innovation, engaging with our peers to improve service delivery.
- To support the quality of our service by being a local employer of choice.
- Increase and protect green spaces which positively affect nature recovery.
- Be a Local Authority leader in the reduction of our own carbon footprint.
- Build the relationship and proactively foster partnership working with others to influence areas where the Council cannot deliver success alone.
- Support those most in need from inequality.
- Make the most of Stratford District's rich cultural heritage as a national and international tourist destination.

We will influence

- To improve the range and quality of social infrastructure e.g. town centres, health and social care, education, housing and transport within the District.
- To reduce crime and anti-social behaviour through the Community Safety Partnership.
- To enable those living and working in the district to live more environmentally sustainable lifestyles.
- Facilitate more opportunities for residents to use alternative modes of transport.
- Ensure that development is meeting local needs, attractive, environmentally sustainable and fit for purpose.
- To increase the levels of valued employment and training.
- To support Parish Councils for the benefit of communities.

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- To support opportunities for our residents to develop skills for the future.

9. Future Outlook and Risk Review

The Council was in a strong financial position at the end of 2025/26. The specified minimum level of financial reserve, as determined by the Council's Chief Finance Officer, is £3m. The level of the General Fund Balance to be carried into 2026/27 is £20.641m, significantly above the specified minimum allowing the Council to respond to challenges which lie ahead. In addition, the Council holds earmarked revenue reserves of £39.458m.

The Government's Spending Review of resources remains a significant threat to the Council's funding into the medium term. The financial settlement for 25/26 was another one-year settlement. The result of the reviews of spending and business rates could have a significant impact on the Council. However, the Council is becoming more self-financing through Council Tax and Business Rate income.

The Council's Medium Term Financial Strategy (MTFS) covering a five-year period was approved by Council in February 2026, and the outturn for 2025/26 to be approved by Cabinet in July 2026.

Table 2: Forecast Reserves Statement 2026/27 – 2030/31

Reserves Statement	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Reserves at 1 April	17,352	13,780	11,801	8,171	4,081
Surplus/(Deficit) for Year	(3,572)	(1,979)	(3,630)	(4,090)	(1,070)
Reserves at 31 March	13,780	11,801	8,171	4,081	3,011

From this it is clear that the Council currently has sufficient resources until the end of March 2031. Action must be taken now to develop a budget to reduce costs and increase income to extend that timeframe. Clearly the future of Government support to the Council is key to that process. Further information should be known surrounding the future level of Government funding later this year. The Council will use this information when considering the future version of the Medium-Term Financial Plan.

Governance Arrangements:

The Council maintains a Risk Register which is regularly reviewed by the Management Team.

10. Summary Position

The Council is determined to remain well placed through its Business Plan and Five-Year Plan to meet the ongoing financial challenges.

11. Further Information

Further information about the accounts is available from:

Head of Resources & S151 Officer,
Stratford-on-Avon District Council,
Elizabeth House,
Church Street,
Stratford-upon-Avon,
Warwickshire,
CV37 6HX.

E-mail: richard.burrell@stratford-dc.gov.uk

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required to:

- i) 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 Authority, that officer is the Head of Resources and S151 Officer (the Authority's Chief Financial Officer);
- ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- iii) approve the Statement of Accounts.

The Head of Resources and S151 Officer's Responsibilities

The Head of Resources and S151 Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the code').

In preparing this statement of accounts, the Head of Resources and S151 Officer has:

- i) selected suitable accounting policies and then applied them consistently
- ii) made judgements and estimates that were reasonable and prudent
- iii) complied with the local authority Code.

The Head of Resources and S151 Officer has also:

- i) kept proper accounting records which were up to date
- ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts from pages 13 to 84 as presented give a true and fair view of the financial position of Stratford-on-Avon District Council as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Signature:

Date

Head of Resources and S151 Officer

FINANCIAL STATEMENTS

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The 'net increase/(decrease) before transfers to the Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2025/26							
Balance at 1 April 2025	(14,150)	(38,085)	(6,242)	(2,856)	(61,333) 0	(99,314)	(160,647) 0
Movement in Reserves in 2025/26:							
(Surplus)/deficit on the provision of services (accounting basis)	(7,187)	0	0	0	(7,187)	0	(7,187)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(5,569)	(5,569)
Total Comprehensive Income and Expenditure	(7,187)	0	0	0	(7,187)	(5,569)	(12,756)
Adjustments between accounting and funding basis under regulation - note 6	(677)	0	1,014	(1,232)	(895)	895	0
Net increase/decrease before transfers to Earmarked reserves	(7,864)	0	1,014	(1,232)	(8,082)	(4,674)	(12,756)
Transfers to/from Earmarked reserves - note 11	1,373	(1,373)	0	0	0	0	0
(Increase)/Decrease in Year	(6,491)	(1,373)	1,014	(1,232)	(8,082)	(4,674)	(12,756)
Balance at 31 March 2026	(20,641)	(39,458)	(5,228)	(4,088)	(69,415)	(103,988)	(173,403)

FINANCIAL STATEMENTS

Movement in Reserves Statement

	General Fund Balance	Ear-marked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2024/25							
Balance at 1 April 2024	(13,063)	(33,115)	(6,233)	(3,699)	(56,110)	(86,922)	(143,032)
Movement in Reserves in 2024/25:							
(Surplus)/deficit on the provision of services (accounting basis)	(4,280)	0	0	0	(4,280)	0	(4,280)
Other Comprehensive Income and Expenditure	3,017	0	0	0	3,017	(16,352)	(13,335)
Total Comprehensive Income and Expenditure	(1,263)	0	0	0	(1,263)	(16,352)	(17,615)
Adjustments between accounting and funding basis under regulation - <i>note 6</i>	(4,794)	0	(9)	843	(3,960)	3,960	0
Net increase/decrease before transfers to Earmarked reserves	(6,057)	0	(9)	843	(5,223)	(12,392)	(17,615)
Transfers to/from Earmarked reserves - <i>note 11</i>	4,970	(4,970)	0	0	0	0	0
Increase/(Decrease) in Year	(1,087)	(4,970)	(9)	843	(5,223)	(12,392)	(17,615)
Balance at 31 March 2025	(14,150)	(38,085)	(6,242)	(2,856)	(61,333)	(99,314)	(160,647)

FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

This 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. Authorities 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.

2024-25				2025-26		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
991	(51)	940	Chief Executive	1,331	(165)	1,166
2,076	(436)	1,640	Deputy Chief Executive	1,269	(504)	765
8,684	(4,495)	4,189	Head of Development	6,769	(3,990)	2,779
20,159	(10,906)	9,253	Head of Environmental and Neighbourhood Services	21,732	(13,910)	7,822
27,158	(22,327)	4,831	Head of Housing Revenues and Customer Services	25,939	(20,276)	5,663
3,541	(1,389)	2,152	Head of Law and Governance	3,819	(1,500)	2,319
3,479	294	3,773	Head of Resources	3,749	(116)	3,633
66,088	(39,310)	26,778	Cost of Services	64,608	(40,461)	24,147
4,555	0	4,555	Parish Council Precepts	5,273	0	5,273
(359)	0	(359)	Right to buy clawback and other windfall receipts	0	0	0
(17)	0	(17)	Loss/(Gains) on the disposal of assets	0	(3)	(3)
4,179	0	4,179	Other Operating Expenditure	5,273	(3)	5,270
138	0	138	Net interest on defined pension liabilities	123	0	123
0	(4,989)	(4,989)	Interest receivable and similar income	0	(4,348)	(4,348)
5	0	5	Interest payable	4	0	4
0	402	402	Changes in fair value of investment properties	40	0	40
49	(333)	(284)	Income and expenditure in relation to investment properties	60	(297)	(237)
3,885	(4,121)	(236)	Trading Operations	3,069	(4,204)	(1,135)
4,077	(9,041)	(4,964)	Financing and Investment Income and Expenditure	3,296	(8,849)	(5,553)
0	(14,473)	(14,473)	Council Tax Income	0	(15,717)	(15,717)
0	(1,791)	(1,791)	Non Domestic Rates	0	(2,507)	(2,507)
0	(11,845)	(11,845)	Non-ringfenced government grants	0	(10,734)	(10,734)
0	(2,164)	(2,164)	Capital grants and contributions	0	(2,093)	(2,093)
0	(30,273)	(30,273)	Taxation and non-specific grant income and expenditure	0	(31,051)	(31,051)
74,344	(78,624)	(4,280)	(Surplus) or Deficit on Provision of Services	73,177	(80,364)	(7,187)
		(16,136)	(Surplus)/Deficit on revaluation of non-current assets.			(4,420)
		0	(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income			(126)
		(216)	Remeasurement of the net defined benefit pension liability			(1,023)
		(16,352)	Other Comprehensive Income and Expenditure			(5,569)
		(20,632)	Total Comprehensive Income and Expenditure			(12,756)

FINANCIAL STATEMENTS

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

Reserves are reported in two categories. The first category of reserves are usable reserves, those reserves that the Authority 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 may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes those 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 in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

FINANCIAL STATEMENTS

Balance Sheet

31 March 2025			31 March 2026
£'000			£'000
94,230	Property, Plant and Equipment	Note 14	97,322
3,177	Investment Properties	Note 15	3,136
5,097	Heritage Assets	Note 18	5,097
119	Intangible Assets	Note 16	75
0	Long Term Investments		126
12,281	Long Term Debtors	Note 21	11,862
114,904	LONG TERM ASSETS		117,618
12,165	Short Term Debtors	Note 21	12,812
145	Inventories		194
55,662	Short Term Investments		63,032
17,260	Cash and Cash Equivalents	Cash Flow	18,029
85,232	CURRENT ASSETS		94,067
(17,011)	Short Term Creditors	Note 22	(14,665)
(4,476)	Accruals		(3,926)
(1,466)	Provisions	Note 29	(2,033)
(22,953)	CURRENT LIABILITIES		(20,624)
(12,081)	Capital grants receipts in advance	Note 9	(16,089)
(904)	Long Term Creditors	Note 22	(799)
(2,610)	Net Defined Pension liability	Note 8	(770)
(15,595)	LONG TERM LIABILITIES		(17,658)
161,588	NET ASSETS		173,403
(14,150)	General Fund	MIRS	(20,641)
(38,086)	Earmarked Reserves	Note 11	(39,458)
(6,244)	Capital Receipts Reserve	MIRS	(5,228)
(2,856)	Capital grants and contributions	MIRS	(4,088)
(61,336)	USABLE RESERVES		(69,415)
(57,182)	Revaluation Reserve		(60,468)
(42,268)	Capital Adjustment Account		(42,565)
(1,232)	Deferred capital receipts		(1,219)
2,610	Pensions Reserve		770
(2,659)	Collection Fund Adjustment Account		(880)
353	Accumulated Absences Account		374
126	Financial Instruments Revaluation Reserve		0
(100,252)	UNUSABLE RESERVES	Note 12	(103,988)
(161,588)	TOTAL RESERVES		(173,403)

Date:

Head of Resources and S151 Officer

FINANCIAL STATEMENTS

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority 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 the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Authority.

2024-25 £'000	2025-26 £'000
(14,752) Taxation	(18,364)
(38,945) Grants and Contributions	(28,285)
(20,134) Sales of goods and rendering of services	(38,124)
(4,989) Interest received	(4,348)
(78,820) Cash inflows generated from operating activities	(89,121)
12,530 Cash paid to and on behalf of employees	13,758
20,569 Housing benefit payments	15,148
4,555 Precepts paid	5,273
36,343 Cash paid to suppliers of goods and services	45,008
0 Interest paid	1
2,353 Other operating cash payments	2,634
76,350 Cash outflows generated from operating activities	81,822
(2,470) Net cashflows from operating activities	(7,299)
(376) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5)
1,561 Purchase of property, plant and equipment, investment property and intangible assets	2,457
(5,000) Purchase of short-term and long-term investments	5,000
0 Proceeds from the sale of short-term and long-term investments	0
3,308 Other payments for investing activities	2,383
(5,317) Other receipts from investing activities	(6,101)
(5,824) Net cashflows from investing activities	3,734
0 Cash Receipts - long/short term borrowing	0
0 Repayments of long/short term borrowing	0
1,492 Changes in Council Tax balances held for preceptors	1,127
(592) Changes in National Non-Domestic Rates balances held for preceptors	2,101
(376) Other receipts from financing activities	(432)
524 Net cashflows from financing activities	2,796
(7,770) Net (Increase) / decrease in cash and cash equivalents	(769)
9,490 Cash and cash equivalents 1 April	17,260
0 Adjust bank overdraft	0
7,770 Net increase / (decrease) in cash and cash equivalents	769
17,260 Cash and cash equivalents 31 March	18,029

NOTES TO THE ACCOUNTS

The notes on pages 19 to 79 form part of the financial statements.

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instrument. The principal accounting policies have been applied consistently throughout the year.

ii. 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. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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 instruments rather than cash flows fixed or determined by the contract.
- Where 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.

iii. Exceptional Items

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

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority'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.

NOTES TO THE ACCOUNTS

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

vi. Overheads and Support Services

The recharging of overheads and support services is not reflected in any part of these accounting statements and notes.

vii. Property, Plant and Equipment

These are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition

Expenditure on the acquisition, creation or enhancement of these assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services it provides for more than one financial year. Expenditure that does not fall under this remit on assets, such as repair and maintenance, is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- all other assets – current value. If there is no market-based evidence of current value because of the specialist nature and the asset is rarely sold, the Council may need to estimate current value using a depreciated replacement cost (DRC) approach. Current value (for land and buildings) is to be interpreted as the amount that would be exchanged for the asset in its existing use. This requirement is met by providing a valuation on the basis of existing use value (EUV) in accordance with UK VPGA Chapter 4 \ Non-current assets 121 6 and UK VPGA 431 of the Royal Institution of Chartered Surveyors (RICS) *Valuation – Global Standards: UK national supplement 2023 edition*.

NOTES TO THE ACCOUNTS

- where an asset is not held for the purpose of generating cashflows, value in use is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing the service potential.

Revaluations for each class of property plant and equipment are undertaken using one of the following processes:

- A quinquennial revaluation supplemented by annual indexation in intervening years
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.
- For non-property assets only, appropriate indices.

Out of cycle revaluations will be carried out if there is an indication of impairment, which may require a full revaluation. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Revaluations carried out prior to 2025/26, in line with former requirement of the Code of Practice, remain valid throughout the transition period (being 1 April 2025 to the date of the next revaluation that is due for a given asset) but where the maximum period between valuations must not exceed five years.

Temporary Relief for infrastructure assets disclosure requirements

The Code of Practice includes a temporary relief in reporting gross book value and accumulated depreciation for infrastructure assets. This temporary relief applies from 2021/22 Code and up to 2028/29 Code.

Component Accounting

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and/or whose life is significantly different to the life of the host (main) asset, the components are depreciated separately. The criteria for identifying components is:

- the overall gross value must exceed £2,000,000 to be considered for componentisation
- the component must have a minimum value of £1,000,000 or represent 25% of the overall value of the asset (whichever is the higher) and
- the asset life must be more than 50% of the total asset.

Components are recognised in the financial year where:

- there has been a revaluation of asset,
- there has been an acquisition of assets within the financial year; and
- enhancement expenditure has been incurred within the financial year.

The Council re-values its assets on a five-year rolling basis. At valuation, each land and building asset within that tranche will be assessed for component depreciation and if there is a material increase in depreciation compared with depreciation charged on the whole asset, that asset will be accounted for and depreciated based on its separate components.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction, rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted to depreciation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 received from disposals are credited to the Usable Capital Receipts reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated through the Movement in Reserves Statement by adjustments between accounting basis and funding basis under regulations.

The written-off value of disposals is not a charge against council tax, as the cost of assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a depreciation method that reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Straight line depreciation is provided for on all assets with a determinable finite life, by allocating the value of the assets in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following basis (see depreciation note on Note 14):

- other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight line allocation over the useful life of the asset as advised by a suitably qualified officer
- infrastructure assets - straight line allocation over the useful life of the asset as advised by a suitably qualified officer
- community assets - straight line allocation over the useful life of the asset as advised by a suitably qualified officer

An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction) where depreciation will be charged in the year of disposal.

NOTES TO THE ACCOUNTS

Revaluations gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

viii. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to Investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

ix. Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the real 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 no accumulated gains in the Revaluation Reserve against which they can be written off,
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation.

NOTES TO THE ACCOUNTS

x. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets' costs are IT software and training and are included in the balance sheet at cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement. There have been no impairments in 2025/26.

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

xi. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute are payments classified as capital but do not result in the creation of an asset. These have been charged to the relevant service revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged through the Movement in Reserves Statement by adjustments between accounting basis and funding basis under regulations so there is no impact on the level of council tax.

xii. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Financial Assets

Financial assets are shown based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are classified as amortised cost; except for those whose contractual payments are not solely payment of principal and interest (where the cash flows do not take the form of a basic debt instrument).

NOTES TO THE ACCOUNTS

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where the authority has made loans to voluntary organisations at less than market rates (soft loans) a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain 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.

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

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority 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 the authority 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 de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

xiii. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the notes to the accounts (note 12).

xiv. Provisions and Contingencies

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

When some or all of the payment required to settle a provision is expected to be recovered from another party, such as an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent liabilities arise where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligations cannot be measured reliably.

NOTES TO THE ACCOUNTS

xv. The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Warwickshire County Council pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, based on the indicative rate of return on high quality corporate bond, the iBoxx Sterling Corporates AA over 15 Years Index.
- The assets of the Warwickshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value based on information provided by the Administering Authority and allowing for index returns where necessary and an analysis of which can be found on Note 8.

The change in the net pension liability is analysed into seven components:

1. current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
2. past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
3. interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
4. expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
5. gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Cost.
6. actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
7. contributions paid to the Warwickshire County Council 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 the Authority to the pension fund or directly to 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement 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. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General

Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

xvi. Events After the Reporting Period

Any material post balance sheet events, which provide additional evidence relating to conditions existing at the balance sheet date or indicate that application of the going concern concept is not appropriate, have been included in the accounts. Any material post balance sheet events that concern conditions that did not exist at the balance sheet date have been disclosed as a separate note to the accounts.

NOTES TO THE ACCOUNTS

xvii. VAT

Value Added Tax is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate. VAT receivable is excluded from income.

xviii. Leases

IFRS16 requires local authorities to recognise most leases on their balance sheet as Right of Use assets with corresponding lease liabilities. IFRS 16 is recognised in these accounts and the accounting policy has been updated accordingly.

Lease accounting is not limited to arrangements that have the legal form of a lease. It applies to any arrangement that meets the CIPFA Code definition of a lease as a contract (or part of a contract) that conveys the right to use an asset for a period of time. Contracts may have the same effect as a formal lease in passing control over the use of property or appropriate intangible assets to another party. An assessment is made at the inception of a contract and will be reviewed subsequently when where the terms and conditions of the contract are changed.

The asset under contract must be specifically identifiable, where rights to control their use might be conveyed under the contract (for the whole contract or for a period of time), where it can be determined if the customer has the right to obtain substantially all of the economic benefits and/or service potential from the use of the asset throughout its period of use and if the customer has a right to direct the use of the identified asset throughout the period of use.

The Authority as Lessee

Unless an arrangement is exempt because it is short term or involves an asset of low value, the Authority will account for a lease by carrying in its balance sheet a right-of use asset representing the economic benefits and service potential over which it has obtained control for the lease term, together with a liability for the payments it will make for the acquisition of those rights.

The right of use asset will be brought onto the balance sheet at cost on the commencement date of the lease where the initial cost is the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling & removing the underlying asset, restoration of the site or restoring the asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of the right of use asset should be made on the same basis that the underlying asset would be valued if it were owned by the Authority but where the valuation reflects the rights that the lessee has acquired, not the full value of the item. The Code allows use of a cost model to be used as a practical expedient, where additions to the carrying value of an asset will constitute capital expenditure under the Prudential Framework. Right of use assets should also be depreciated and impaired consistently with the provisions applicable to the underlying asset with specified variations, depreciation should be charged from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term but if the lease transfers ownership of the asset to the lessee by the end of the lease term or the cost of the right of use asset reflects reasonable certainty that the lessee will exercise a purchase option then depreciation should be charged over the useful life of the underlying asset.

Initial measurement of the lease liability will be at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate (if the implicit rate cannot be readily determined). The lease liability will then be paid off over the lease term. The lease liability is written down by the payment made at the start of the year and is then increased as financing costs accrue for the year on the outstanding liability after payment, these financing costs are then settled by the payment on 1 April in the following year.

Subsequent measurement of the lease liability is accounted for using amortised cost principles meaning the carrying amount of the lease liability will reduce to zero over the terms as programmed at the commencement date, unless the lease liability is reassessed, or the lease is modified. The implicit interest rate will remain constant unless there is a change in the lease term, there is a change in the assessment of an option to purchase the underlying asset or a lease is modified but not accounted for as a separate lease. Movements in the lease liability and other lease payments will need to be accounted for as expenses with the surplus or deficit of provision of services debited with interest on the lease liability and variable lease payments not included in the measurement of the lease liability.

NOTES TO THE ACCOUNTS

Where a lease does not have commercial payment terms (i.e. where rents are set at peppercorn or there are nominal lease payments which are not compensated for by premium payments) then the right of use asset will be accounted for as a donated asset. Lease liabilities and the cost of the right of use assets will be calculated in the standard way. The right of use asset is uplifted to its fair value, the excess of the fair value over the cost of the right of use asset is credited as a gain in the surplus/deficit on the provision of services but the impact of the gain on the General Fund balancer is then neutralised by statutory reversals.

The Authority as Lessor

Finance Leases

Where the Authority 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 commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale), is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to [the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xix. Cash and Cash Equivalents

Cash is represented by cash in hand and current account bank balances. Cash equivalents are the authority's investments with financial institutions which are repayable on demand or within 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

NOTES TO THE ACCOUNTS

xx. Heritage Assets

The Council's Heritage Assets comprise 4 statues and a pavilion situated in the Town of Stratford-upon-Avon. They are detailed as follows:

- The Gower Memorial – a stone memorial to Shakespeare which has the bronze characters of Falstaff, Lady Macbeth, Prince Hal and Hamlet situated around it,
- Hermaphroditus (Narcissus) Statue – a bronze statue situated on the Bancroft,
- The Jester - a bronze statue situated on a Hornton stone and green Westmorland Slate plinth base and applied plaques, and
- Young Will – a bronze statue situated on a bench on the Bancroft.
- The Peony Pavilion – architectural structure constructed in hardwood with a tiled roof on base of brick faced with slate and granite situated in the Firs Garden.

These items are reported in the Balance Sheet at a replace and replicate valuation, used for insurance purposes and are updated regularly. The Statues are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The Council also holds some small items of civic regalia such as water colours, Japanese gifts and a small statue of Shakespeare that are not considered material enough to include on the Balance Sheet. Such items will however be kept under review.

The carrying amounts of heritage assets are reviewed every five years. In addition, where there is evidence of impairment for a heritage asset, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity, the asset is reviewed. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note vii in this summary of significant accounting policies. The Authority's will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see notes xii and vii in this summary of significant accounting policies).

xxi. Employee Benefits

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority 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.

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, such as cars, for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave or time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the 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.

NOTES TO THE ACCOUNTS

xxii. Going Concern Basis

The Code of Practice on Local Authority Accounting issued by CIPFA requires that the Statement of Accounts is prepared on a going concern basis for the period of 12 months from the issue of the financial statements.

Medium Term Financial Strategy

The financial projections for the next 5 years were presented to Council in February 2025 as part of the 2025/26 Budget Setting and Council Tax report and were subsequently revisited for 2026/27 budget setting. These did show that the Council has many financial uncertainties, the largest being:

- Reduction of annual payment of New Homes Bonus and the discontinuation of legacy payments element
- The Government Fair Funding Review and the impact this will have on the future level of business rates income that the Council gets to retain.

As with many local authorities, the Council's overall projections did show a shortfall of income against expenditure in future years. Whilst the Council does have some reserves (primarily within the General Fund Reserve, balance as at 31 March 2026 £20.641m). The numbers reported reflect the balances for the period 2025/26.

The Council maintains the General Fund Reserve over the Medium-Term Financial Strategy, above the minimum recommended level of £3m.

Financial performance is monitored on a monthly basis including detailed income forecasting for the financial year. The council reports financial performance to The Cabinet every two months.

The Council has undertaken an assessment of the impact on 2025/26, considering liquidity, general fund balances and reserves. The changes from the Fair Funding Review 2.0 were implemented from April 2026, this resulted in a multi-year settlement cover the period 2026/27 to 2028/29. Whilst the medium-term estimates show a small shortfall in funding, as the Council has strong financial reserves, it will have enough funding and liquidity for the duration of the Medium-Term Financial Strategy. The modelling undertaken has used a worst-case scenario as well as a most reasonable estimate which show that collection rates for income, Council Tax and Business Rates would have to decrease significantly below the worst-case scenarios to cause liquidity or going concern issues.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Council is required to disclose information relating to the impact of an accounting change required by a new standard that has been issued, but not yet adopted, in the 2025/2026 financial statements.

For the 2025/2026 accounts the accounting changes to disclose are in relation to:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 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 – Volume 11 issued in July 2024.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about the future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

NOTES TO THE ACCOUNTS

- The Council re-values its property assets regularly and assesses each year whether there could have been a material impact on an asset's value. When there is a potential material impact the assets are revalued. All revaluations are undertaken by a RICS qualified valuer with specialist advice as appropriate. An impairment review is undertaken annually. When assets are revalued, their useful lives are reassessed.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contained estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The Council undertakes valuations of its property assets in line with the CIPFA Code of Practice on a rolling programme basis according to asset category. Land and Buildings are re-valued at a minimum of every 5 years but more frequently if market conditions dictate or material changes occur to a particular asset. Otherwise, an impairment review is undertaken annually. A full valuation exercise was carried out as at 31 March 2025.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuers have confirmed that their valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Assets valued by DRC: where the valuation method is Depreciated Replacement Cost (DRC) using BCIS Tender Price Index. Build costs are influenced by various economic factors, such as availability of labour, materials, Covid compliance and competition. Assets valued in this way include Leisure Centres and Public Conveniences.

Car Parks: where the valuation method is the net income/profit method, based on a 3-year average income so valuations.

Investment Properties: These properties are let to a variety of businesses across several different economic sectors. The risk of business failure for these tenants is therefore well spread and the potential impact to the Council reduced.

Heritage Assets: Heritage Assets: Valued based on the higher of the sums insured and the gross valuation. The following categories of asset are accounted for at historic cost and are not therefore re-valued:

The following categories of asset are accounted for at historic cost and are not therefore re-valued:

- Infrastructure Assets
- Vehicles, Plant and Equipment
- Intangible Assets
- Community Assets

All valuations are dated 31 March but for practical purposes the valuation exercise is started in December each year. Any changes to valuations are reflected as necessary between December and March.

NOTES TO THE ACCOUNTS

The items in the Authority's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Uncertainties	Effect if Actual Results Differ from Assumptions
Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority 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 asset falls. It is estimated that the annual depreciation charge for buildings would increase by £47k for every year useful lives had to be reduced.
The Authority has made provision of £2.033m for various claims. This is set aside for NNDR Appeals (note 29). This provision has been ongoing for a number of years and relates to the current list of live appeals lodged with the Valuation Office as well as for appeals estimated from the 2023 list.	An increase over the forthcoming year of 10% in settlements would add £203k to the provision needed.
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes to individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £1.443m. However, the assumptions interact in complex ways. During 2025/26, the Authority's actuaries advised that the change in financial assumptions had increased the liability by £3.423m. Overall the net liability has changed by £1.840m during the year.
At 31 March 2026, the Authority had a balance of short-term debtors for £12.812M (note 21). A review of the significant balances suggested that an impairment of doubtful debts of £1.821M was appropriate.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.821M set aside as an allowance.

NOTES TO THE ACCOUNTS

5. Expenditure and Funding Analysis

The EFA shows how the Council's annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources the Council consumes or earns in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council's Directorates.

Net Expenditure Chargeable to the GF balance is as reported to Management throughout the year except that:

- it excludes depreciation, which is included as an adjustment between funding and accounting basis,
- net income relating to investment property is included in other income and expenditure in accordance with generally accepted accounting practices.

Net Expenditure Chargeable to General Fund	2024-25		Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to General Fund	2025-26		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments between Funding and Accounting basis					Adjustments between Funding and Accounting basis		
£'000	£'000	£'000			£'000	£'000	£'000	
959	(19)	940	Chief Executive		1,218	(52)	1,166	
(72)	1,712	1,640	Deputy Chief Executive		488	277	765	
1,924	2,265	4,189	Head of Development		2,300	479	2,779	
5,683	3,570	9,253	Head of Environmental and Neighbourhood Services		5,815	2,007	7,822	
4,791	40	4,831	Head of Housing Revenues and Customer Services		5,938	(275)	5,663	
2,079	73	2,152	Head of Law and Governance		2,318	1	2,319	
3,488	285	3,773	Head of Resources		3,424	209	3,633	
802	(802)	0	Other operating expenditure		564	(564)	0	
19,654	7,124	26,778	Cost of Services		22,065	2,082	24,147	
(25,711)	(2,344)	(31,058)	Other Income and Expenditure		(29,929)	(1,403)	(31,334)	
(6,057)	4,780	(4,280)	(Surplus) or Deficit on Provision of Services		(7,864)	679	(7,187)	

NOTES TO THE ACCOUNTS

2024-25				2025-26		
Earmarked Reserves	General Fund	Total		Earmarked Reserves	General Fund	Total
£'000	£'000	£'000		£'000	£'000	£'000
(33,115)	(13,063)	(46,178)	Opening balances	(38,085)	(14,150)	(52,235)
0	(6,057)	(6,057)	(Surplus) or Deficit on Provision of Services	0	(7,864)	(7,864)
(4,970)	4,970	0	Transfers between General Fund and earmarked reserves	(1,373)	1,373	0
(38,085)	(14,150)	(52,235)	Closing General Fund balance	(39,458)	(20,641)	(60,099)

NOTES TO THE ACCOUNTS

Notes to the Expenditure and Funding Analysis

	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
2025-26					
Chief Executive	0	(52)	0	0	(52)
Deputy Chief Executive	337	(24)	0	(36)	277
Head of Development	679	(263)	0	63	479
Head of Environmental and Neighbourhood Services	2,153	(119)	0	(27)	2,007
Head of Housing Revenues and Customer Services	(9)	(262)	0	(4)	(275)
Head of Law and Governance	126	(115)	0	(10)	1
Head of Resources	280	(106)	0	35	209
Other operating expenditure	0	0	0	(564)	(564)
Cost of Services	3,566	(941)	0	(543)	2,082
Other Income and Expenditure from the Expenditure and Funding Analysis	(2,056)	123	1,779	(1,249)	(1,403)
Total for 2025-26	1,510	(818)	1,779	(1,792)	679

Financing and Accounting Adjustments

	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
2024-25					
Chief Executive	0	(23)	0	4	(19)
Deputy Chief Executive	1,719	(10)	0	3	1,712
Head of Development	2,378	(127)	0	14	2,265
Head of Law and Governance	3,614	(48)	0	4	3,570
Head of Resources	144	(117)	0	13	40
Head of Housing Revenues and Customer Services	120	(53)	0	6	73
Head of Environmental and Neighbourhood Services	290	(11)	0	6	285
Other operating expenditure	0	0	0	(802)	(802)
Cost of Services	8,265	(389)	0	(752)	7,124
Other Income and Expenditure from the Expenditure and Funding Analysis	(2,137)	138	(66)	(279)	(2,344)
Total for 2024-25	6,128	(251)	(66)	(1,031)	4,780

NOTES TO THE ACCOUNTS

Adjustments for Capital Purposes

(1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, the 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 those 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.

Net Change for the Pensions Adjustment

(2) Net change for the removal of pension contributions and the addition of *IAS 19 Employee Benefits* related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority 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.

Net Change Taxation Adjustment

(3) 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 NDR that was projected to be received at the state of the years 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 and Deficits on the Collection Fund.

Other Differences

(4) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement 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.
- It represents adjustments for employee benefits.
- It represents differences between management accounting and the statutory accounting basis.

NOTES TO THE ACCOUNTS

6. Adjustments between Accounting Basis and Funding Basis under Regulations

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

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

NOTES TO THE ACCOUNTS

Adjustments between Accounting Basis and Funding Basis under Regulations

	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
2025-26					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(60)	0	0	60	0
Depreciation and impairment of non-current assets	(2,826)	0	0	2,826	0
Movements in value of Investment Properties	(40)	0	0	40	0
Disposal of non-current assets	(2)	0	0	2	0
Capital receipts to Usable Capital Receipts Reserve	6	(6)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	2,096	0	(1,783)	(313)	0
Difference between accounting and statutory employment benefit	(21)	0	0	21	0
Difference between accounting and statutory credit for Council Tax	(114)	0	0	114	0
Difference between accounting and statutory credit for Non-Domestic Rates	(1,665)	0	0	1,665	0
Revenue Contribution to Capital Expenditure	1,249			(1,249)	
Revenue Expenditure Financed from Capital under Statute	(679)	0	0	679	0
Difference between accounting and statutory credit for pension costs	817	0	0	(817)	0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>					
Capital receipts financing loans	0	0	0	0	
Capital receipts loans	0	0	0	0	0
MRP	564	0	0	(564)	0
Other adjustments	0		0		
Capital expenditure financed from Capital Receipts	0	1,020	0	(1,020)	0
Capital expenditure financed from Capital grants and contributions	0	0	551	(551)	0
Total for 2025-26	(675)	1,014	(1,232)	893	0

NOTES TO THE ACCOUNTS

	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
2024-25					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(98)	0	0	98	0
Depreciation and impairment of non-current assets	(5,820)	0	0	5,820	0
Movements in value of Investment Properties	(402)	0	0	402	0
Disposal of non-current assets	0	0	0	0	0
Capital receipts to Usable Capital Receipts Reserve	376	(376)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	2,149	0	(1,341)	(808)	0
Difference between accounting and statutory employment benefit	(50)	0	0	50	0
Difference between accounting and statutory credit for Council Tax	(297)	0	0	297	0
Difference between accounting and statutory credit for Non-Domestic Rates	363	0	0	(363)	0
Revenue Contribution to Capital Expenditure	279			(279)	0
Revenue Expenditure Financed from Capital under Statute	(2,347)	0	0	2,347	0
Difference between accounting and statutory credit for pension costs	251	0	0	(251)	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital receipts financing loans					0
Capital receipts loans	0	0	0	0	
MRP	0	0	0	0	
Other adjustments	802	0	0	(802)	
Capital expenditure financed from Capital Receipts	0		0		0
Capital expenditure financed from Capital grants and contributions	0	367	0	(367)	0
	0	0	2,184	(2,184)	
Total for 2024-25	(4,794)	(9)	843	3,960	0

NOTES TO THE ACCOUNTS

7. Income and Expenditure by nature

The Council's expenditure and income is analysed as follows:

2024-25 (Surplus) / Deficit on the Provision of Services		2025-26 (Surplus) / Deficit on the Provision of Services
£'000		£'000
16,165	Employee benefits expenses	17,104
32,796	Other service expenses	46,756
5	Interest payments	4
5,918	Depreciation, amortisation, impairment etc	2,951
19,491	Housing Benefit payments	16,923
4,555	Precepts and levies	5,273
402	Investment Properties changes in fair value	40
(376)	Gains on the disposal of assets	(3)
78,956	Total Expenditure	89,048
(23,550)	Fees, charges and other service income	(38,350)
(4,989)	Interest income	(4,348)
(333)	Investment income	(297)
(16,264)	Council Tax and Non-Domestic Rate income	(18,225)
(19,029)	Grants and Contributions	(18,289)
(19,071)	Housing Benefit Income	(16,726)
(83,236)	Total income	(96,235)
(4,280)	Net	(7,187)

NOTES TO THE ACCOUNTS

8. Pension Costs

The Warwickshire Local Government Pension Fund is a defined benefit scheme set up under the Local Government Pension Scheme Regulations 1997.

The Scheme is a statutory scheme, established by an Act of Parliament, the Superannuation Act 1972. The Scheme is governed by the following regulations:

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended).

The fund is open to employees of the five district and borough councils and other organisations. The fund does not cover teachers, police officers or firefighters as these staff have alternative pension arrangements.

Under the scheme rules, members receive a lump sum retirement grant in addition to a pension. Lump sum retirement grants are accounted for at the date members retire. If a member chooses to take a greater retirement grant in return for a reduced pension, we account for these amounts on an accruals basis from the date the member takes this option. Other benefits are accounted for on the date the member leaves the plan or passes away.

The Pension Fund's activities expose it to a variety of risks:

Credit risk: the possibility that other parties might fail to pay amounts due to the Pension Fund.

Liquidity risk: the possibility that the Pension Fund might not have funds available to meet its commitments to make payments.

Market risk: the possibility that financial loss might arise for the Pension Fund as a result of changes in such measures as interest rates and stock market movements.

Interest rate risk: the risk to which the Pension Fund is exposed to changes in interest rates and mainly relates to holdings in bonds. This risk is managed by Legal & General and BlackRock who are the Fund's appointed bond portfolio investment managers.

Currency Risk: For investments denominated in non-sterling currencies, the Pension Fund is exposed to currency risk as a result of possible fluctuations in foreign currency exchange rates. So far as the Fund's equity investments are concerned, these risks are mitigated to some extent by the global nature of their underlying businesses. Furthermore, investment fund managers will take account of currency risk in their investment decisions.

We 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 we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefit is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

NOTES TO THE ACCOUNTS

The following transactions have been made in the CIES and the GF Balance via the MIRS during the year:

2024-25		2025-26
£'000		£'000
	Comprehensive Income and Expenditure Statement	
2,129	Current Service Cost	1,660
40	Curtailments	0
<u>2,169</u>	Cost of Services	<u>1,660</u>
138	Net interest expense	123
<u>138</u>	Financing and Investment Income and Expenditure	<u>123</u>
<u>2,307</u>	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	<u>1,783</u>
(510)	Return on plan assets, less included in interest expense	5,701
0	Actuarial gains & losses:	0
193	Changes in demographic assumptions	1,380
17,030	Changes in financial assumptions	2,947
1,068	Other	(7,108)
<u>(17,565)</u>	Impact of asset ceiling adjustments	<u>(1,897)</u>
216	Remeasurement of the net defined benefit liability	1,023
<u>2,523</u>	Total Comprehensive Income and Expenditure Statement	<u>2,806</u>
	Movement in Reserves Statement	
(2,307)	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	(1,783)
2,558	Employer's pension contributions and direct payments to pensioners payable in the year	2,600
<u>251</u>	Total taken to Note 6	<u>817</u>

NOTES TO THE ACCOUNTS

Pension Assets and Liabilities Recognised in the Balance Sheet The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

2024-25		2025-26	
£'000	Reconciliation of Fair Value of Employer Assets (scheme Assets):	£'000	
115,558	Value of Assets at 1 April	118,938	
5,505	Interest income on plan assets	6,862	
708	Contributions by Members	773	
2,468	Contributions by the Employer	2,515	
(510)	Return on assets excluding amounts recognised in Other Comprehensive Income	5,701	
	Other experience	(2,667)	
(4,791)	Benefits Paid	(4,558)	
(90)	Unfunded benefits paid	(85)	
90	Contributions towards unfunded benefits	85	
<u>118,938</u>		<u>127,564</u>	
2024-25		2025-26	
£'000	Reconciliation of Defined Benefit Obligation (scheme Liabilities):	£'000	
(111,257)	Value of Liabilities at 1 April	(96,251)	
(2,129)	Current Service Cost	(1,660)	
(5,289)	Interest Cost	(5,519)	
(708)	Contribution by Members	(773)	
	Actuarial Gains and (Losses):		
193	Change in demographic assumptions	1,380	
17,030	Change in financial assumptions	2,947	
1,068	Other experience gains and (losses)	(4,441)	
(40)	Losses on Curtailments	0	
4,791	Benefits Paid	4,558	
90	Unfunded benefits paid	85	
<u>(96,251)</u>		<u>(99,674)</u>	
(25,297)	Impact of asset ceiling adjustments	(28,660)	
<u>(2,610)</u>	Net Liability at 31st March	<u>(770)</u>	

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumption about mortality rates, salary levels etc. The County Council fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The Actuary has prepared the figures by applying a 'roll-forward' approach to the last formal valuation, which was as at 31 March 2025. The main financial assumptions used in their calculation have been:

2024-25		2025-26	
	Mortality assumptions:		
	Longevity at 65 for current pensioners:		
21.7	Men	22.6	
24.1	Women	25.0	
	Longevity at 45 for future pensioners:		
22.7	Men	23.4	
25.9	Women	26.5	

NOTES TO THE ACCOUNTS

2024-25

2.8%	Rate of inflation (RPI)
2.8%	Rate of inflation (CPI)
3.8%	Rate of increase in salaries
2.8%	Rate of increase in pensions
5.8%	Rate for discounting scheme liabilities
65.0%	Take-up of option to convert annual pension into retirement lump sum:

2025-26

3.00%
3.00%
4.00%
3.00%
6.20%
75.00%

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 analyses changes while all the 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.

31 March 2025			31 March 2026			
Quoted Prices in Active Markets	Prices not quoted in Active markets	Total	Asset Category	Quoted Prices in Active Markets	Prices not quoted in Active markets	Total
%	%	%		%	%	%
0.00%	0.00%	0.00%	Equities	0.00%	0.00%	0.00%
10.77%	5.30%	16.07%	Debt Securities	10.22%	5.19%	15.41%
0.00%	6.90%	6.90%	Private Equity	0.00%	6.58%	6.58%
8.54%	0.00%	8.54%	Real Estate	7.03%	0.00%	7.03%
55.74%	11.05%	66.79%	Investment Funds and Unit Trusts	57.55%	10.70%	68.25%
1.70%	0.00%	1.70%	Cash	2.73%	0.00%	2.73%
76.75%	23.25%	100.00%	Totals	77.53%	22.47%	100.00%

Sensitivity analyses on the Present Value of the Defined Benefit Obligation

Change in assumptions in the year	Approximate Increase to Employer	Approximate monetary amount £000s
Rate for discounting scheme liabilities (decrease by 0.1%)	1%	1,443
1 year increase in member life expectancy	4%	3,987
Rate of increase in salaries (increase by 0.1%)	0%	74
Rate of increase in pensions (increase by 0.1%)	1%	1,367

NOTES TO THE ACCOUNTS

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the Actuary has estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by 4%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The triennial valuation carried out as at 31 March 2025 applies from 1 April 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service pension schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The net liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £0.770 million has an impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy; the deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The estimated employer's contribution for the period to 31 March 2026 will be approximately £1,783,000.

Further information can be found in Warwickshire County Council's Superannuation Fund Actuarial Report which is available on request from the Strategic Director of Resources, Warwickshire County Council, P.O. Box 3, Shire Hall, Warwick, CV34 4RH, and also on the county website at <http://www.warwickshire.gov.uk/pensions>.

9. Grant Income

Government grants, third party contributions and donations are recognised as due to the Council when it is reasonable to conclude that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts are recognised credited to the CIES when conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Where conditions have not been satisfied, grants and contributions are carried in the Balance Sheet as creditors. When conditions are satisfied grants and contributions are credited to the CIES:

- attributable revenue grants and contributions are credited to the relevant service line.
- non-ring-fenced revenue grants and all capital grants are credited to Taxation and Non-Specific Grant Income.

Where capital grants and contributions are credited to the CIES, they are reversed out of the GF Balance in the MIRS. Where a contribution has yet to be used to finance capital expenditure, it is posted to the Capital Contributions Unapplied reserve. Where a grant or contribution has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where it is uncertain whether a grant or contribution will be used for capital or revenue purposes, the grant will be credited to an earmarked reserve.

NOTES TO THE ACCOUNTS

The Council credited the following grants, contributions and donations to the CIES.

2024-25		2025-26
£'000		£'000
(19,071)	DWP benefits grants	(16,726)
0	Extended Producer Responsibility	(2,033)
(1,928)	Housing and Homelessness	(1,496)
(337)	NNDR Administration grant	(262)
(117)	Discretionary Housing Payments	(127)
(92)	CIL admin	(125)
(1,212)	UK Shared Prosperity Fund	
(1,334)	Other Grants and Contributions	(1,419)
(24,091)	Total within Cost of Services	(22,188)
(132)	Revenue Support Grant	(169)
(6,888)	s31 Grant re: business rates	(6,182)
(2,645)	New Homes Bonus	(1,326)
(406)	Rural Services Delivery Grant	0
(17)	Services Grant	0
0	Other Government Grants	(150)
(1,758)	3% Funding Guarantee	(2,907)
	Capital Grants and Contributions:	
(1,341)	Community Infrastructure Levy	(1,808)
(823)	Other Capital Grants and Contributions	(285)
(14,010)	Total within Taxation and non-specific grant income	(12,827)
(38,101)	Total income from grants and contributions	(35,015)

NOTES TO THE ACCOUNTS

The Council has received a number of grants and contributions that have yet to be recognised as income as they have legally binding conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

2024-25		2025-26
£'000		£'000
	Amounts falling due after one year (all other bodies)	
(11,918)	S106	(15,926)
(163)	Other	(163)
(12,081)	Total long term capital grants received in advance	(16,089)

10. Events after the Reporting Period

The financial statements were authorised for issue by the Head of Resources and S151 Officer to the Authority on TBC. All events relevant to the financial year ended 31 March 2026 have been taken into consideration up to this date, and where they are considered material, recognised in the statement of accounts. There can be no reasonable expectation that events could have been taken into account by the Authority after this date.

NOTES TO THE ACCOUNTS

11. Transfers (To) / From Earmarked Reserves

This note sets out the amounts that have been set aside from the General Fund balances in earmarked reserves for specific policy purposes or for general contingencies and cash flow management.

Description	Balance at 31 March 2024	Transfers out 2024/25	Transfers in 2025/25	Balance at 31 March 2025	Transfers out 2025/26	Transfers in 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Building Control Trading Surplus/(Deficit)	35	0	(83)	(48)	0	(69)	(117)
Planning Policy Reserve	(74)	0	0	(74)	0	0	(74)
Revenue Funding of Capital Expenditure	(1,842)	411	(450)	(1,881)	379	(4,045)	(5,547)
Core Strategy Funding	(1,343)	217	(297)	(1,423)	395	0	(1,028)
Climate Change Initiatives	(1,180)	301	(500)	(1,379)	873	(520)	(1,026)
Contracts Consultancy Advice	(26)	26	(13)	(13)	0	0	(13)
Rural Broadband	(51)	51	0	0	0	0	0
Wellesbourne Airfield Strategy	(830)	3	0	(827)	2	0	(825)
Community Recovery Reserve	(111)	3	0	(108)	19	(50)	(139)
Long Marston LMA - Garden Village	(269)	0	0	(269)	0	0	(269)
Neighbourhood Plan	(164)	24	0	(140)	0	0	(140)
Community Led Housing Fund	(163)	163	0	0	0	0	0
Depot Dilapidations	(6)	6	0	0	0	0	0
Homelessness Prevention Reserve	(571)	0	(55)	(626)	0	(84)	(710)
Covid-19 Funding Reserve	(10,318)	57	0	(10,261)	1,822	0	(8,439)
Business Rates Equalisation Reserve	(8,302)	609	(3,633)	(11,326)	7,050	(5,933)	(10,209)
NNDR s31 Reserve	(2,849)	0	0	(2,849)	2,849	0	0
Local Plan Pathfinder	(27)	22	0	(5)	5	0	0
Transformation Programme	(152)	92	(131)	(191)	191	0	0
ICT Capital Expenditure	(1,220)	114	0	(1,106)	517	0	(589)
Venture House Capital Expenditure	(20)	7	0	(13)	13	0	0
Domestic Abuse	(60)	18	0	(42)	12	0	(30)
SWLP	0	0	0	0	0	(37)	(37)
RSI Grant	(86)	0	(53)	(139)	68	0	(71)
District Heating Canal Quarter	(50)	47	0	(3)	3	0	0
Inflation Reserve	(1,500)	0	0	(1,500)	1,050	0	(450)
Capital Improves Temp Accom	(50)	4	0	(46)	13	0	(33)
Cost of Living Support Fund	0	250	(250)	0	159	(600)	(441)
Planning & Regulatory Enforcement	(57)	57	0	0	0	0	0
Afghan & Ukraine Homes Reserves	(1,079)	1,079	0	0	0	0	0
Home Upgrade Grant Scheme (HUGS) Reserve	0	0	0	0	0	(67)	(67)
Trees Reserve	(30)	10	0	(20)	0	0	(20)
UK Shared Prosperity Fund	(56)	55	0	(1)	1	0	0
Ukrainian Post/Asylum Dispersal Reserve	(85)	41	0	(44)	44	(36)	(36)
Council Plan & Change Programme	0	271	(2,200)	(1,929)	404	0	(1,525)
HVO for Refuse Vehicles	0	72	(750)	(678)	133	0	(545)

NOTES TO THE ACCOUNTS

Description	Balance at 31 March 2024	Transfers out 2024/25	Transfers in 2025/25	Balance at 31 March 2025	Transfers out 2025/26	Transfers in 2025/26	Balance at 31 March 2026
Refurbishment and fit-out of 1 Evesham Place	0	0	(500)	(500)	445	0	(55)
Changing Places	(27)	26	0	(1)	1	0	0
Geographical Information System	(4)	0	0	(4)	0	0	(4)
Rural England Prosperity Fund	(40)	0	0	(40)	40	0	0
Elections Provision	(50)	0	0	(50)	0	0	(50)
Private Sector Housing Team (PSHT)	(59)	40	0	(19)	18	0	(1)
Domestic Minimum Energy Efficiency Standard (MEES)	(20)	5	0	(15)	10	0	(5)
Orbit Provision	(359)	0	0	(359)	359	0	0
IndieGo PLUS Contingency	(20)	30	(70)	(60)	0	0	(60)
Homelessness Reduction Act- Single Homelessness	0	0	(97)	(97)	0	0	(97)
Recycling Volatility Reserve	0	0	0	0	0	(500)	(500)
Western Relief Road Study	0	0	0	0	128	(250)	(122)
Solar Carport	0	0	0	0	0	(1,800)	(1,800)
Screening programme	0	0	0	0	19	(80)	(61)
Gateway Holding Costs	0	0	0	0	229	(1,200)	(971)
Local Government Reorganisation	0	0	0	0	30	(2,050)	(2,020)
Local Government Reorganisation- Internal Capacity	0	0	0	0	0	(750)	(750)
Supported Housing Strategy	0	0	0	0	0	(50)	(50)
Renters Rights New Burdens	0	0	0	0	0	(32)	(32)
Planning Applications	0	0	0	0	0	(500)	(500)
	(33,115)	4,111	(9,082)	(38,086)	17,281	(18,653)	(39,458)

12. Unusable Reserves

	Balance 1 April 2025	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2026
	£'000	£'000	£'000	£'000
Revaluation Reserve	(57,182)	(4,420)	1,134	(60,468)
Capital Adjustment Account	(42,268)	0	(297)	(42,565)
Deferred capital receipts	(1,232)	0	12	(1,220)
Pensions Reserve	2,610	(1,023)	(817)	770
Collection Fund Adjustment Account	(2,659)	0	1,779	(880)
Accumulated Absences Account	353	0	21	374
Financial Instrument Revaluation Reserve	126	(126)	0	0
Total for 2025-26	(100,252)	(5,569)	1,832	(103,989)

	Balance 1 April 2024	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2025
	£'000	£'000	£'000	£'000
Revaluation Reserve	(41,517)	(16,136)	471	(57,182)
Capital Adjustment Account	(45,072)	0	2,804	(42,268)
Deferred capital receipts	(1,246)	0	14	(1,232)
Pensions Reserve	3,077	(216)	(251)	2,610
Collection Fund Adjustment Account	(2,593)	0	(66)	(2,659)
Accumulated Absences Account	303	0	50	353
Financial Instrument Revaluation Reserve	126	0	0	126
Total for 2024-25	(86,922)	(16,352)	3,022	(100,252)

NOTES TO THE ACCOUNTS

Revaluation Reserve

The above Reserve contains gains made by the Authority arising from increases in the value of its assets. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, used in the provision of services and the gains consumed through depreciation, or disposed of and the gains are realised. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date are consolidated into the balance on the Capital Adjustment Account.

2024-25		2025-26	
£000		£000	
(41,517)	Balance 1 April	(57,182)	
	Comprehensive Income & Expenditure:		
(16,136)	Loss/(Gain) on revaluation of assets	(4,420)	
	Prior period adjustment		
0	Adjustment to Capital Adjustment Account	0	
	Accounting / Financing Adjustments:		
	Amount written off the Revaluation Reserve charged to the Surplus/Deficit		
	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	1,134	
471			
(57,182)	Balance 31 March	(60,468)	

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 Comprehensive Income and Expenditure Statement (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 the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

It should be noted that the account is matched by assets within the Balance Sheet and is not resources available to the Authority.

2024-25		2025-26	
£000		£000	
(45,072)	Balance 1 April	(42,268)	
	Accounting / Financing Adjustments:		
0	Adjustment to the revaluation reserve for prior periods	0	
0	Adjustment to capital receipts re: prior years	0	
98	Write down Intangible Assets	60	
5,820	Depreciation and impairment of non-current assets	2,826	
402	Movements in value of Investment Properties	40	
0	Gain or (loss) on sale of non-current assets	2	
2,347	Revenue Expenditure Financed from Capital under Statute	679	
(13)	Deferred Capital Receipts	(14)	
(279)	Capital expenditure financed from revenue	(1,249)	
(366)	Capital expenditure financed from Capital Receipts	(1,020)	
	Capital expenditure financed from Capital grants and		
(2,992)	contributions	(864)	
(802)	MRP	(564)	
	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	(193)	
(1,411)			
(42,268)	Balance 31 March	(42,565)	

NOTES TO THE ACCOUNTS

Deferred Capital Receipts Reserve

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

2024-25		2025-26
£000		£000
(1,246)	Balance 1 April	(1,232)
	Accounting / Financing Adjustments:	
14	Deferred receipts received to Capital Receipts Reserve	13
(1,232)	Balance 31 March	(1,219)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's 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 in the benefits earned by past and current employees and the resources the Authority 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 paid.

2024-25		2025-26
£000		£000
3,077	Balance 1 April	2,610
	Comprehensive Income & Expenditure:	
(216)	Remeasurement of the net defined benefit liability	(1,023)
	Accounting / Financing Adjustments:	
(251)	Difference between accounting and statutory credit for pension costs	(817)
2,610	Balance 31 March	770

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2024-25		2025-26
£000		£000
(2,593)	Balance 1 April	(2,659)
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory credit for Council Tax	
297		114
	Difference between accounting and statutory credit for Non-Domestic Rates	
(363)		1,665
(2,659)	Balance 31 March	(880)

NOTES TO THE ACCOUNTS

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 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2024-25		2025-26	
£000		£000	
303	Balance 1 April		353
	Accounting / Financing Adjustments:		
	Difference between accounting and statutory employment		
50	benefit		21
<u>353</u>	Balance 31 March		<u>374</u>

Financial Instrument Revaluation Reserve

The financial instruments revaluation reserve contains the gains made by the authority arising from increases in the value of its investments [under IFRS 9 these might be investments in equity instruments held for strategic purposes] that are measured at fair value through other comprehensive income.

2024-25		2025-26	
£000		£000	
126	Balance 1 April b/f		126
	Comprehensive Income & Expenditure:		
	Surplus or deficit from investments in equity instruments		
0	designated at fair value through other comprehensive income		(126)
<u>126</u>	Balance 31 March		<u>0</u>

NOTES TO THE ACCOUNTS

13. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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 the Authority, the expenditure results in an increase in the Capital Financing Requirements (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

2024-25 £'000		2025-26 £'000
14,584	Opening Capital Financing Requirement 1 April	14,216
0	Prior year adjustment re: Long Term Debtors	222
	<i>Capital Investment</i>	
1,532	Property, Plant and Equipment	2,440
0	Investment properties	0
29	Intangible assets	17
2,347	Revenue Expenditure Funded from Capital under Statute (REFCUS)	679
538	Long Term Debtors	0
	<i>Sources of finance</i>	
(366)	Capital receipts	(1,022)
(2,992)	Government grants and other contributions	(864)
(279)	Sums set aside from revenue and reserves	(1,249)
0	Grants and contributions towards REFCUS	0
(802)	MRP	(564)
(375)	Repayment of loans	(431)
14,216	Closing Capital Financing Requirement 31 March	13,444
		31 March 2026
		£'000
94,230	Property, Plant and Equipment	97,322
5,097	Heritage Assets	5,097
3,177	Investment Properties	3,136
119	Intangible Assets	75
11,051	Long Term Debtors	10,721
0	Long Term Investments	126
(57,182)	Revaluation Reserve	(60,468)
(42,268)	Capital Adjustment Account	(42,565)
14,224		13,444

NOTES TO THE ACCOUNTS

14. Property Plant and Equipment

	Land & Buildings	Vehicles Plant etc	Commun. Assets	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
Opening value 1 April 2025	82,252	11,034	1,104	630	0	95,020
Additions	1,208	372	370	473	0	2,423
Disposals	0	(4)	0	0	0	(4)
Impairment losses	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluations	2,048	(61)	0	0	0	1,987
Value 31 March 2026	85,508	11,341	1,474	1,103	0	99,426
Cumulative Depreciation:						
Opening value 1 April 2025	0	(5,720)	(589)	0	0	(6,309)
Charge for the year	(1,534)	(1,088)	(38)	0	0	(2,660)
Disposals	0	2	0	0	0	2
Reclassifications	0	0	0	0	0	0
Revaluations	1,534	0	0	0	0	1,534
Balance 31 March 2026	0	(6,806)	(627)	0	0	(7,433)
Net book value 31 March 2026	85,508	4,535	847	1,103	0	91,993

	Land & Buildings	Vehicles Plant etc*	Commun. Assets	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
Opening value 1 April 2024	69,656	10,045	1,065	489	0	81,255
Additions	398	939	39	141	0	1,517
Disposals	0	0	0	0	0	0
Impairment losses	(3,752)	0	0	0	0	(3,752)
Reclassifications	0	0	0	0	0	0
Revaluations	15,950	50	0	0	0	16,000
Value 31 March 2025	82,252	11,034	1,104	630	0	95,020
Cumulative Depreciation:						
Opening value 1 April 2024	0	(4,776)	(557)	0	0	(5,333)
Charge for the year	(873)	(955)	(32)	0	0	(1,860)
Disposals	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluations	873	11	0	0	0	884
Balance 31 March 2025	0	(5,720)	(589)	0	0	(6,309)
Net book value 31 March 2025	82,252	5,314	515	630	0	88,711

NOTES TO THE ACCOUNTS

*Vehicles, plant, and equipment opening values have been restated to include equipment that had been previously treated as a disposal.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by an external independent valuer (Bruton Knowles Chartered Surveyors) as at 31 March 2025 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. For information the basis of valuations and impairments is set out in the Statement of Accounting Policies (note vii).

As a new valuation contract was in place at 31 March 2025 all of the main assets were be revalued and are scheduled to be revalued again in 2030 with valuations on an impairment/desktop valuation basis in between.

	Land & Buildings	Vehicles Plant etc	Infra-structure	Community Assets	Assets under Const- ruction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost:		4,535	5,329	847	1,103	11,814
Carried at fair value as at:						
31-Mar-26	85,508					85,508
Total cost or valuation	85,508	4,535	5,329	847	1,103	97,322

Right of Use Assets

The below table shows that classes of assets within the Property Plant and Equipment movements on balances tables that include Right of Use Assets as per IFRS 16 and their respective Net Book Value.

	£'000
Other Land & Buildings	963
Vehicles, Plant, Furniture & Equipment	28
	991

Depreciation

The following useful lives have been used in the calculation of depreciation:

Buildings: 10 – 50 years
 Vehicles, Plant and Equipment: 5 - 70 years
 Infrastructure: 40 years
 Community Assets: 5 – 40 years

NOTES TO THE ACCOUNTS

Infrastructure Assets

In November 2022, CIPFA issued an Update to the 2021/22 (and subsequent years) Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/accumulated depreciation) basis for a temporary period up to and including 2025/26, in recognition that authorities do not typically hold sufficiently granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognition on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of the replaced component as nil. This statutory override also applies up to and including 2025/26. Stratford-on-Avon District Council made this determination in respect of its 2020/21 Statement of Accounts.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value/accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following note, along with a reconciliation to total Property, Plant and Equipment as reported on the Balance Sheet and elsewhere in these financial statements.

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

	Other PPE	Infra- structure	Total
	£'000	£'000	£'000
Cost:			
Opening value 1 April 2025	88,711	5,519	94,230
Additions	2,423	18	2,441
Disposals	(4)	0	(4)
Impairment losses	0	0	0
Reclassifications	0	0	0
Revaluations	1,987	0	1,987
Depreciation charge for the year	(2,660)	(208)	(2,868)
Depreciation disposals	2	0	2
Depreciation impairment losses	0	0	0
Depreciation reclassifications	0	0	0
Depreciation revaluations	1,534	0	1,534
Net book value 31 March 2026	91,993	5,329	97,322

NOTES TO THE ACCOUNTS

	Other PPE	Infra- structure	Total
	£'000	£'000	£'000
Cost:			
Opening value 1 April 2024	75,922	5,711	81,633
Additions	1,517	15	1,532
Disposals	0	0	0
Impairment losses	(3,752)	0	(3,752)
Reclassifications	0	0	0
Revaluations	16,000	0	16,000
Depreciation charge for the year	(1,860)	(207)	(2,067)
Depreciation disposals	0	0	0
Depreciation impairment losses	0	0	0
Depreciation reclassifications	0	0	0
Depreciation revaluations	884	0	884
Net book value 31 March 2025	88,711	5,519	94,230

15. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2024-25		2025-26
£'000		£'000
(333)	Rental income from investment property	(297)
49	Direct operating expenses arising from investment property	60
402	Net loss from fair value adjustments	40
118	Total	(197)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investments or repairs, maintenance, or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2024-25		2025-26
£'000		£'000
3,579	Balance at start of the year	3,177
0	Disposals	0
(402)	Net loss from fair value adjustments	(40)
0	Assets reclassified to Property Plant & Equipment 31st March 2024	0
3,177	Balance at end of the year	3,137

NOTES TO THE ACCOUNTS

16. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the major software suites used by the Authority is 5 years.

2024-25		2025-26	
£'000		£'000	
988	Gross Carrying Amount 1 April	1,017	
(800)	Accumulated Amortisation 1 April	(898)	
188	Net Carrying Amount at start of year	119	
29	Additions	16	
0	Disposals - cost	0	
0	Disposals - depreciation	0	
	Impairment		
0	Reclassified	0	
(98)	Amortisation	(60)	
1,017	Gross Carrying Amount 31 March	1,033	
(898)	Accumulated Amortisation 31 March	(958)	
119	Total	75	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £60k charged to revenue in 2025/26 was charged to the IT Administration cost centre.

17. Capital Commitments

The Authority has capital commitments of approximately £1,616k as at 31 March 2026 and these will be financed from 2026/27 resources in accordance with recommended practice.

An analysis of the commitments is given below:

Capital Commitments	2024-25	2025-26
	£'000	£'000
Projects:		
Operational Properties	54	1,268
Leisure	195	176
Housing	0	146
CCTV	0	16
Information Technology	0	10
Total	249	1,616

NOTES TO THE ACCOUNTS

18. Heritage Assets

Heritage assets held by this Authority for their historical and cultural significance are the statues in the Bancroft Gardens and in Henley Street, Stratford-upon-Avon. These are the Gower Memorial, the Hermaphroditus (Narcissus) Statue, the Jester Statue, Young Will and The Peony Pavilion situated in the Firs Garden in Stratford-upon-Avon.

The carrying amount of these assets will be reviewed with sufficient frequency to ensure that the valuations remain current as per the accounting policy - the next revaluation will be due as at 31 March 2028. Bigwood Fine Art Auctioneers Ltd a local fine art auctioneers & valuers do the valuation. It is based on the cost of materials and labour to replace the assets.

Depreciation will not be charged on the above assets as they have an indefinite life, therefore, there will be no changes to the depreciation charged in the financial statements.

The carrying value of Heritage Assets held by the authority is shown in the table below:

2024-25		2025-26	
£'000		£'000	
4,905	Net Carrying Amount at start of year	5,097	
0	Revaluation	0	
<u>4,905</u>	Carrying Amount 31 March	<u>5,097</u>	
192	Restatement for Young Will		
<u>5,097</u>	Restated Carrying Amount 31 March	<u>5,097</u>	

NOTES TO THE ACCOUNTS

19. Trading Operations

Trading operations are activities of the Council of a commercial nature that are financed substantially by income from tenants and parking fees and charges. Part of Avenue Farm Depot and Miscellaneous Properties in Stratford-upon-Avon are operated on such a basis. The financial results of each are summarised below:

2025/26	Avenue Farm Depot £000's	Miscellaneous Properties £000's	Recreation Ground £000's	Parking £000's	Total £000's
Income from commercial rents	(4)	(29)	(390)	(69)	(492)
Fees and charges income	0	(157)	(27)	(3,529)	(3,713)
Total income	(4)	(186)	(417)	(3,598)	(4,205)
Expenditure	(2)	686	20	1,749	2,453
Surplus on trading	(6)	500	(397)	(1,849)	(1,752)
Capital Charges	38	11	29	538	616
(Surplus)/Deficit after asset rental charge	32	511	(368)	(1,311)	(1,136)
2024/25	Avenue Farm Depot £000's	Miscellaneous Properties £000's	Recreation Ground £000's	Parking £000's	Total £000's
Income from commercial rents	(4)	(34)	(372)	(93)	(503)
Fees and charges income	0	(304)	(29)	(3,284)	(3,617)
Total income	(4)	(338)	(401)	(3,377)	(4,120)
Expenditure	16	645	16	1,721	2,398
Surplus on trading	12	307	(385)	(1,656)	(1,722)
Capital Charges	(138)	26	29	1,572	1,489
(Surplus)/Deficit after asset rental charge	(126)	333	(356)	(84)	(233)

NOTES TO THE ACCOUNTS

20. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity. They are recognised on the balance sheet when the Council becomes party to the contractual provisions of the financial instrument.

They are initially measured at fair value and are subsequently measured and carried on the Balance Sheet at their amortised cost.

Fair Value

The basis for recurring fair value measurements are:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council. It can be a contractual obligation to deliver cash, financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

Annual charges to the Financing and Investment Income and Expenditure (FIIE) line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate 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.

Financial liabilities held at the balance sheet date consist of long-term loans from the Public Works Loan Board (PWLb), bank overdraft and trade payables for goods and services received. For the Council's loans, 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.

The financial liabilities disclosed in the balance sheet are analysed across the following categories:

All non-derivative financial liabilities 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 31 March 2026, using the following methods and assumptions:

- no early repayment or impairment is recognised for any financial instrument.
- the fair value of short-term instruments, including trade payables, is assumed to approximate to the carrying amount.

NOTES TO THE ACCOUNTS

The liabilities for which fair value is not disclosed comprise of short-term financial liabilities that are assumed to be approximate to the carrying amount, including both short-term borrowing and trade payables.

31 March 2025			31 March 2026		
Book Value £,000	Fair Value £,000		Book Value £,000	Fair Value £,000	
(3,269)	(3,269)	Deposits, s106 and CIL at amortised cost	(4,145)	(4,145)	
(4,723)	(4,723)	Short Term Creditors at amortised cost	(5,718)	(5,718)	
(13,495)		Non-financial liabilities	(8,729)		
(21,487)	(7,992)	Short Term liabilities at amortised cost	(18,592)	(9,863)	
(7,992)	(7,992)	Total Financial Liabilities	(9,863)	(9,863)	
(13,495)		Total Non-Financial Liabilities	(8,729)		

The Council has no borrowings as at 31 March 2026 (none at 31 March 2025).

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

There are three classifications for financial assets under the Code of Practice

- amortised cost
- fair value through other comprehensive income
- fair value through profit and loss

Financial assets are classified into these three categories based on the Council's business model for holding the assets and their cash flow characteristics.

Amortised Cost:

These financial assets comprise:

- finance lease debtor
- cash and cash equivalents

Fair value through profit and loss (all other financial assets)

These financial assets comprise:

- money market funds

NOTES TO THE ACCOUNTS

These are initially measured and carried at fair value. Changes in fair value are taken to the CIES within the FIIE line, and are gains and losses recognised in the GF.

31 March 2025			31 March 2026		
Book Value £,000	Fair Value £,000		Book Value £,000	Fair Value £,000	
0	0	Financial assets at fair value through other Comprehensive Income and Expenditure	0	0	
11,051	11,051	Long term capital debtor Amortised Cost	10,646	10,646	
1,230	1,230	Finance lease debtor amortised cost	1,216	1,216	
0		Non-financial assets	0		
12,281	12,281	Long term Assets	11,862	11,862	
55,662	55,662	Investment in Money Market Fund Fair Value Through Profit and Loss*	58,032	58,032	
0	0	Other investments amortised cost	5,000	5,000	
17,260	17,260	Cash and bank accounts amortised cost	18,029	18,029	
72,922	72,922	Short Term Investments and cash	81,061	81,061	
2,804	2,804	Short Term Debtors amortised cost	3,242	3,242	
0	0	Finance lease debtor amortised cost	0	0	
9,362		Non-financial assets	9,570		
12,166	2,804	Short Term Assets	12,812	3,242	
88,007	88,007	Total Financial Assets	96,165	96,165	
9,362		Total Non-Financial Assets	9,570		

*Ultra Short Dated Bond Fund, Level 1, Unadjusted quoted prices in active markets for identical asset

Financial assets – where an instrument is due to mature within 12 months the carrying amount is assumed to approximate fair value. The carrying value of the long-term assets are valued the same as fair value as the loan is fixed at market rate and the finance lease lessor has been valued and stated at fair value. We do not expect any change to this assumption.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

NOTES TO THE ACCOUNTS

Items of income, expense, gains or losses

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council,
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments,
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

Credit Risk Management Practices

The authority's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies,
- CDS spreads to give early warning of likely changes in credit ratings,
- sovereign ratings to select counterparties from only the most creditworthy countries.

The full Investment Strategy for 2025/26 was approved by Full Council on 24 February 2025 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

NOTES TO THE ACCOUNTS

Amounts Arising from Expected Credit Losses

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of uncollectable debts and default over the last five financial years, adjusted to reflect current market conditions:

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions:

31 March 2026	Amount at 31 March 2026 £'000	Historical Experience of default %	Historical experience adjusted for market conditions at 31 March 2026 %	Estimated maximum exposure to default and collectability £'000
Deposit held with Fund	63,032	0%	0%	0
Sales Ledger	842	0.37%	0.37%	3

31 March 2025	Amount at 31 March 2025 £'000	Historical Experience of default %	Historical experience adjusted for market conditions at 31 March 2025 %	Estimated maximum exposure to default and collectability £'000
Deposit held with Fund	55,662	0%	0%	0
Sales Ledger	1,631	0.33%	0.33%	5

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits, with financial instructions.

Credit limits are not generally imposed on customers and clients of Council services.

The sales ledger debt is £1,304k (£2,346k in 2024/25). The sales ledger debt can be analysed by age as follows:

31 March 2025	31 March 2025 Past due but not impaired		31 March 2026	31 March 2026 Past due but not impaired
£'000	£'000		£'000	£'000
1,750	1,702	Less than 1 year	705	672
596	198	More than 1 year	599	180
<u>2,346</u>	<u>1,900</u>	Total	<u>1,304</u>	<u>852</u>

All classes of debt are assessed for impairment based on the type of debt and the historical default rates for that class. The impairment loss provision has been calculated using different percentage rates applied at different stages of the debts age to each class of debt, these have then been aggregated to arrive at the overall impairment provision.

NOTES TO THE ACCOUNTS

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority currently has a strategy to take on no long-term borrowing. Short-term borrowing for cash flow purposes is covered in the Treasury Management Strategy and is limited to £10m in total.

The only financial liability as at 31 March 2026 is the trade and other creditors that are due to be paid in less than one year.

Refinancing and maturity risk

The Council currently has no long-term borrowing and maintains a significant investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy, see section 2.4 of the Strategy):

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Changes in interest payable and receivable on variable rate borrowings and investments will be posted to

NOTES TO THE ACCOUNTS

the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

According to this assessment, at 31 March 2026, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

£'000

Increase in interest receivable on variable rate investments

Impact on Surplus/Deficit on Provision of Services

883

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair Value of Assets and Liabilities carried at Amortised Cost

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

NOTES TO THE ACCOUNTS

21. Short Term Debtors

31 March 2025 £'000		31 March 2026 £'000
	Amounts falling due within one year:	
2,474	Central government bodies	1,884
3,891	Other Local Authorities	5,018
7,838	All other bodies	7,731
	Less allowances for expected credit losses	
(558)	General Fund debtors	(531)
(11)	Housing benefit Overpayments	(17)
(1,469)	Collection Fund	(1,273)
12,165	Total short term debtors	12,812
12,281	Amounts falling due after one year (all other bodies)	11,862
24,446	Total Debtors	24,674

22. Short Term Creditors

31 March 2025 £'000		31 March 2026 £'000
	Amounts falling due within one year:	
(10,136)	Central government bodies	(5,368)
(1,565)	Other Local Authorities	(1,787)
(5,310)	All other bodies	(7,510)
(17,011)	Total short term creditors	(14,665)
(904)	Amounts falling due after one year (all other bodies)	(799)
(17,915)	Total Creditors	(15,464)

23. Members' Allowances

The Authority paid the following amounts to members of the council during the year.

2024-25 £'000		2025-26 £'000
378	Members Allowances	394
6	Expenses	6
384		400

Amounts paid to members are open to public inspection by prior arrangement with the Head of Resources and S151 Officer (Telephone 01789 267575). Details of allowances paid to individual councillors can also be found on the Council's website.

NOTES TO THE ACCOUNTS

24. Employees' Remuneration

The Accounts and Audit Regulations 2011 require disclosure of the number of employees whose remuneration falls in each bracket of a scale in multiples of £5,000 starting with £50,000 (excluding employer's pension contributions and compensation for loss of office) and these are as follows:

2024/25		2025/26
14	£50,000 - £54,999	12
8	£55,000 - £59,999	8
2	£60,000 - £64,999	7
1	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
3	£80,000 - £84,999	2
1	£85,000 - £89,999	2
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
1	£100,000 - £104,999	0
0	£105,000 - £109,999	1
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0
0	£130,000 - £134,999	1
31		33

The individual remuneration details by post title for senior employees who have the responsibility for the management of the Authority are disclosed in the tables below:

NOTES TO THE ACCOUNTS

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£	£	£
Financial Year: 2025-26			
Chief Executive & Head of Paid Service	133,587	26,455	160,042
Deputy Chief Executive	106,184	20,974	127,158
Head of Resources & s151 Officer	89,042	17,546	106,588
Head of Environmental & Neighbourhood Services	83,303	16,398	99,701
Head of Development*	83,229	16,398	99,627
Head of Law & Governance & Monitoring Officer	89,648	0	89,648
Head of Housing, Revenues & Customer Services**	62,737	12,342	75,079
Interim Head of Housing, Revenues & Customer Services***	34,680	0	34,680
Interim Head of Development****	17,220	0	17,220
TOTAL COST	699,630	110,113	809,743

* Post holder in post April 2025- February 2026

** Post holder started June 2026

*** Interim post holder April - June 2026

*** Interim post holder effective March 2026

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£	£	£
Financial Year: 2024-25			
Chief Executive & Head of Paid Service	129,476	25,634	155,110
Deputy Chief Executive	102,923	20,324	123,247
Head of Resources & s151 Officer	83,654	16,470	100,124
Head of Environmental & Neighbourhood Services	80,752	15,890	96,642
Head of Development	80,687	15,890	96,577
Head of Law & Governance & Monitoring Officer	86,248	0	86,248
Head of Housing, Revenues & Customer Services*	69,804	13,241	83,045
Interim Head of Policy & Building Control**	50,760	0	50,760
Interim Head of Housing, Revenues & Customer Services***	27,880	0	27,880
TOTAL COST	712,184	107,449	819,633

* Post holder retired January 2025

** Interim post April - October 2024

*** Interim post effective February 2025

NOTES TO THE ACCOUNTS

25. Termination Benefits

Details of the transactions are shown below:

2024-25				Banding	2025-26			
Number of exit packages			Cost		Number of exit packages			Cost
Compuls. Redund.	Other departures	Total exit packages	Total £'000		Compuls. Redund.	Other departures	Total exit packages	Total £'000
0	1	1	5	£0 - £20,000	2	0	2	15
0	0	0	0	£20,001 - £40,000	0	0	0	0
0	0	0	0	£40,001 - £60,000	0	0	0	0
1	0	1	68	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
1	1	2	73		2	0	2	15

26. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, completion of agreed upon procedures on the Housing Benefit claim, statutory inspections and to non-audit services provided by the Authority's external auditors.

2024-25 £'000		2025-26 £'000
134	External audit services	160
32	Other services	81
166		241

The fee for the 2025-26 Housing Benefit claim is subject to Housing Benefit audit procedures. The Council may incur additional fees, but this will be unknown until the work is completed.

NOTES TO THE ACCOUNTS

27. Leases – The Authority as Lessor

Finance Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. Following a review of valuations for each element the land value is not considered material and the accounting for the leases therefore remains unchanged.

As listed in note 30 below, the Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2025	Net Investments in the Lease	31 March 2026
£'000		£'000
14	Not later than one year	14
54	Later than one year and not later than five years	54
1,161	Over 5 years	1,148
<u>1,229</u>	Total	<u>1,215</u>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

31 March 2025	Minimum Lease Payments	31 March 2026
£'000		
93	Not later than one year	93
372	Later than one year and not later than five years	372
8,118	Over 5 years	8,025
<u>8,583</u>	Total	<u>8,490</u>

31 March 2025	Finance lease debtor (net present value of minimum lease payments)	31 March 2026
£'000		£'000
14	Current	14
1,214	Non Current	1,201
7,355	Unearned finance income	7,275
<u>8,583</u>	Gross Investment in the Lease	<u>8,490</u>

NOTES TO THE ACCOUNTS

Operating Leases - The Authority as Lessor

The Authority leases out a number of properties on a commercial basis in order to derive rental income.

The value of investment properties included in the Balance Sheet at 31 March 2026 is £3.137m.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2025		31 March 2026
£'000		£'000
1,118	Not later than one year	1,000
2,751	Later than one year and not later than five years	2,670
28,701	Over 5 years	27,230
<u>32,570</u>		<u>30,900</u>

Movement of Right of Use Assets - The Authority as Lessee

The Authority leases some Right of Use Assets. The change in value of the Right of Use Assets are:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total
	£'000	£'000	£'000
Balance 1 April 2025	940	112	1052
Additions			0
Revaluation	22	(61)	(39)
Depreciation & Amortisation		(20)	(20)
Disposals		(2)	(2)
Balance at 31 March 2026	962	29	991

Long Term Creditors (Lease Liabilities)

This represents the amounts falling due after more than one year. These include lease liabilities recognised under IFRS 16 leases. Lease liabilities (IFRS 16) arise from the implementation of IFRS 16 on 1 April 2024, where the Authority recognises the obligation to make future lease payments for Right of Use Assets. These liabilities are recognised at the present value of future lease payments, discounted using the interest rate implicit in the lease (or the Authority's incremental borrowing rate where this is not readily determinable).

31 March 2025		31 March 2026
£'000		£'000
30	Lease Liabilities (IFRS 16)	29
<u>30</u>		<u>29</u>

NOTES TO THE ACCOUNTS

28. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council 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 the Authority.

Central Government

Central government has effective control over the general operations of the Authority, it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties, for council tax bills and housing benefits.

Grants received from government departments are set out in the subjective analysis in note 9 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2026 are shown in note 9.

Major transactions (£5k and over – excluding precepts, S106 & CIL) for 2025/26 where Stratford-on-Avon District Councillors are also members of Parish Councils are shown below:

Parish Councils	No. of Members	Creditor Payments £'000	Balance 31 March 2025 £'000	No. of Members	Creditor Payments £'000	Balance 31 March 2026 £'000
Stratford Upon Avon Town Council	-	-	-	4	22	-
Warwickshire County Council	6	1,560	65	7	651	206
Total	6	1,560	65	11	673	206

Major transactions (£5k and over) for 2025/26 where Stratford District Councillors are also members of public bodies are shown below:

Public Bodies	No. of Members	Creditor Payments £'000	Balance 31 March 2025 £'000	No. of Members	Creditor Payments £'000	Balance 31 March 2026 £'000
Act on Energy	3	195	-	3	28	-
Cotswolds Conservation Board	-	-	-	1	9	-
Local Government Association	2	16	-	1	17	-
South Warwickshire NHS Foundation Trust	1	1,629	-	1	21	-
Stour Health and Wellbeing Partnership	1	11	-	-	-	-
Stratford upon Avon Foodbank	1	5	-	1	5	-
Warwickshire Rural Community Council	-	-	-	1	38	-
West Midlands Combined Authority	1	40	-	1	30	-
West Midlands Employers	1	48	5	1	32	11
Total	10	1,944	5	10	180	11

NOTES TO THE ACCOUNTS

Major transactions (£5k and over) for 2025/26 where Stratford District Councillors are also members of other outside bodies are shown below:

Other Outside Bodies	No. of Members	Creditor Payments	Balance 31 March 2025	No. of Members	Creditor Payments	Balance 31 March 2026
		£'000	£'000		£'000	£'000
Shakespeare's England Ltd	1	102	-	1	75	-
Sherbourne Recycling Ltd Total	1	1,510	-	1	1,373	-
Total	2	1,612	-	2	1,448	-

Tony Perks, Deputy Chief Executive, is also a director of Sherbourne Recycling Ltd on behalf of Stratford on Avon Council District Council.

Income Receipts

The table below shows significant income receipts from bodies identified as being a related party:

Income Receipts	2024/25 £'000	2025/26 £'000
Royal Shakespeare Company	129	0
Stratford Town Trust	34	30
Stratford upon Avon Town Council	230	171
Studley Parish Council Total	8	8
SWFT Clinical Services	-	7
Warwickshire County Council	1,088	1,208
West Midlands Combined Authority	-	8
Total	1,489	1,432

NOTES TO THE ACCOUNTS

29. Provisions

Provisions are charged to the appropriate account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Settlements are reviewed at the end of the financial year and where this is not required or a lower settlement than anticipated is made the provision is reversed and credited back to the relevant account.

Insurances

The insurance provision covers all insurance claims for which the Council has a potential legal liability. It is expected that these will be resolved within 12 months and any payments due will be made within this period.

NNDR Appeals

The NNDR Appeals provision covers all appeals against NNDR charges as at 31 March 2025. Appeals are made against the business rate valuations issued as a result of the 2017 and 2023 Rating Lists. Based on local knowledge of settlement of appeals and national trends by property class the sum of £1.460m is deemed an appropriate level of provision.

	Business Rates Backdated Appeals	Insurance	Total
	£'000	£'000	£'000
Balance outstanding at 1 April 2025	(1,460)	(6)	(1,466)
Additional provisions made during the year	(573)	6	(567)
Amounts used in the year	0	0	0
Balance outstanding at 31 March 2026	(2,033)	0	(2,033)

30. Long Term Debtors

31 March 2025		31 March 2026
£'000		£'000
8,738	Material Recycling Facility (Capital Costs) - Loan (a)	8,662
1,102	Cox's Yard, Stratford - Finance lease (b)	1,091
128	4/5 Sheep Street, Stratford-upon-Avon - Finance lease (b)	125
2,313	Everyone Active Leisure Centre Loan - loan (c)	1,984
12,281	Total Long Term Debtors	11,862

- (a) Loan to Sherbourne Material Recycling Facility, first drawdown April 2021,
- (b) These are leases that transfer all the risks and rewards of ownership of an asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease repayments, including any initial payment, amounts to substantially all of the fair value of the leased asset,
- (c) Loan to Everyone Active, first drawdown August 2021,

NOTES TO THE ACCOUNTS

31. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

32. Accruals

31 March 2025 £'000		31 March 2026 £'000
(2,000)	G.F. Provisional Creditors - Revenue	(634)
(152)	Building Control Fees Prepaid	(205)
7	GF Prov Cred Capital	(195)
(353)	Accumulated Absences Accrual	(374)
(1,978)	Year End Purchase Order Accruals - Reven	(2,518)
<u>(4,476)</u>	Total Accruals	<u>(3,926)</u>

For a detailed explanation of the purpose of accruals – please see Accounting Policy note ii.

33. Cash and Cash Equivalents

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

2024-25 £'000		2025-26 £'000
0	Call accounts and short term deposits	1
17,260	Bank balances	18,028
<u>17,260</u>	Cash and cash equivalents 31 March	<u>18,029</u>

34. Capital Grant Unapplied

	Community Infrastructure Levy £'000	Other Capital Grant unapplied £'000	Regional Housing £'000	Total £'000
Brought Forward Balance at 1 April 2025	(2,769)	(69)	(18)	(2,856)
Receipts in the year	(1,783)	(312)	0	(2,095)
Amounts used in the year	552	311	0	863
Balance outstanding at 31 March 2026	(4,000)	(70)	(18)	(4,088)

NOTES TO THE ACCOUNTS

35. Fair Value Measurement of Property Assets

Recurring Fair Value Measurements using:	Other significant observable inputs (level2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2026 £'000
Investment Properties			
Commercial Units	-	1,293	1,293
Retail Units	-	982	982
Offices	-	324	324
Other	-	538	538
Total	-	3,137	3,137

Recurring Fair Value Measurements using:	Other significant observable inputs (level2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2025 £'000
Investment Properties			
Commercial Units	-	1,129	1,129
Retail Units	-	1,209	1,209
Offices	-	328	328
Other	-	511	511
Total	-	3,177	3,177

COLLECTION FUND

Collection Fund

2024-25 £'000		2025-26 £'000
	<u>Council Tax</u>	
	INCOME	
(139,534)	Income from Council Taxpayers	(148,659)
0	s13A relief	0
(36)	Council Tax Discounts Funded from Billing Authority General Fund	(3)
	Apportionments of previous year deficit	
0	Warwickshire County Council	(306)
0	Police & Crime Commissioner	(51)
0	Stratford-on-Avon District Council	(42)
(139,570)		(149,061)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
107,130	Warwickshire County Council	114,261
17,876	Police & Crime Commissioner	19,036
14,682	Stratford-on-Avon District Council	15,874
	Apportionments of previous year surplus	
636	Warwickshire County Council	0
106	Police & Crime Commissioner	0
88	Stratford-on-Avon District Council	0
	Bad & Doubtful Debts	
0	Write offs of uncollectable income	0
1,861	Provision for uncollectable income-addition / (reduction)	961
142,379		150,132
2,809	Movement on Fund Balance - (surplus)/deficit	1,071
	FUND BALANCE FOR COUNCIL TAX	
(1,145)	Balance brought forward	1,664
2,809	Surplus for year	1,071
1,664	Balance - (surplus)/deficit carried forward	2,735

COLLECTION FUND

2024-25 £'000		2025-26 £'000
	<u>Non-Domestic Rates</u>	
	INCOME	
(58,549)	Income from Ratepayers	(64,998)
0	Transitional Relief	(143)
	Apportionments of previous year deficit	
0	Central Government	0
0	Warwickshire County Council	0
0	Stratford-on-Avon District Council	0
(58,549)	Total	(65,141)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
28,095	Central Government	30,920
5,619	Warwickshire County Council	6,184
22,476	Stratford-on-Avon District Council	24,736
	Apportionments of previous year surplus	
435	Central Government	2,474
87	Warwickshire County Council	495
348	Stratford-on-Avon District Council	1,979
34	Transitional Relief	0
587	Renewable Energy payments	657
	Bad & Doubtful Debts	
0	Write offs of uncollectable income	0
226	Provision for uncollectable income	326
	Impairments resulting from appeals	
0	Write offs of uncollectable income	0
(591)	Provision for uncollectable income	1,433
0	Interest charged to the collection fund	0
235	Transfer to General Fund - Cost of Collection Allowance	235
57,551		69,439
(998)	Movement on Fund Balance - (surplus) / deficit	4,298
	FUND BALANCE FOR NON-DOMESTIC RATES	
(6,191)	Balance brought forward	(7,189)
(998)	(Surplus) / deficit for year	4,298
(7,189)	Balance - (surplus) / deficit carried forward	(2,891)
	COLLECTION FUND BALANCE	
(7,336)	Balances brought forward	(5,525)
1,811	(Surplus) / deficit for year	5,369
(5,525)	Balance - (surplus) carried forward	(156)

COLLECTION FUND

Notes to the Collection Fund

1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The Collection Fund shows transactions relating to Council Tax, Business Rates and residual Community Charge. In addition, it illustrates the way in which the income is distributed.

2. Business Rate Pooling

Following the Local Government Finance Bill, with effect from 1 April 2013, the District Council agreed to participate in the Warwickshire & Coventry Business Rates Pool consisting of the following authorities:

Coventry City Council,
North Warwickshire Borough Council,
Nuneaton and Bedworth Borough Council,
Rugby Borough Council,
Stratford-on-Avon District Council,
Warwick District Council, and
Warwickshire County Council.

Under the new legislation, 50% of business rates collected by the billing authority is retained locally, the other 50% is paid to the government. The locally retained business rate is then split 80% to the Pool and 20% to Warwickshire County Council.

COLLECTION FUND

3. Council Tax

Council Tax is calculated by estimating the amount of income required from the Collection Fund by the District Council, Warwickshire County Council and Police & Crime Commissioner for the forthcoming year and dividing this by the Council Tax base.

Band & Value	Number of Chargeable Dwellings	Adjustments for Discounts	Notional Properties	Relationship to Band D	Band D Equivalent
	Total				£
Band A - up to £40,000 (disabled)	7.5	(0.6)	6.91	5/9	4
Band A - up to £40,000	3,107.2	(538.2)	2,568.9	6/9	1,713
Band B - over £40,000 up to £52,000	7,265.5	(1,241.1)	6,024.4	7/9	4,685.6
Band C - over £52,000 up to £68,000	16,689.0	(1,427.7)	15,261.4	8/9	13,565.6
Band D - over £68,000 up to £88,000	10,098.0	(419.9)	9,678.1	1	9,678.1
Band E - over £88,000 up to £120,000	9,889.5	(147.0)	9,742.5	11/9	11,907.5
Band F - over £120,000 up to £160,000	6,400.0	(49.6)	6,350.4	13/9	9,172.9
Band G - over £160,000 up to £320,000	5,640.8	(12.9)	5,627.8	15/9	9,379.7
Band H - over £320,000	926.0	(1.5)	924.5	18/9	1,849.0
	60,023.4	(3,838.4)	56,184.9		61,954.8
Estimated change to Band 'D' equivalent net of discount (new properties)					997.94
Estimated changes to discounts and exemptions					(102.75)
Gross estimate of new taxbase 2025/26					62,849.99
Add estimated contributions in lieu of Ministry of Defence properties					80.00
					62,929.99
Less estimated non-collection (0.4%)					(250.70)
Tax Base 25/26					62,679.29

The Council Tax base for 2025/26 was estimated as follows:

The basic amount of Council Tax for a Band 'D' property is multiplied by the relevant ratio above to calculate the amount due for each property band.

Band 'A'* - represents those taxpayers that are eligible for a disabled reduction. They are charged on the next lower band because there is not a band lower than 'A'. They get a reduction that is calculated as five ninths of the Band D charge.

COLLECTION FUND

4. Business Rates

Under the arrangements for business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. The national multipliers for 2025/26 were:

- 49.9p for qualifying Small Businesses (49.9p in 2024/25)
- 55.5p for other businesses (54.6p in 2024/25) – the standard multiplier.

The rateable value as at the 31 March 2026, used to raise accounts for the District Council area for 2025/26, was £161,493,422 (£160,325,012 as at 31 March 2025).

GLOSSARY OF TERMS

ACCOUNTING POLICIES

The policies and concepts used in the preparation of the accounts.

ACCRUALS

Income and expenditure are shown in the accounts in period they are earned or incurred, not as money is received or paid.

ASSETS

Something this Authority owns that has monetary value – for example, land and buildings.

BALANCE SHEET

A financial statement summarising the Authority's assets, liabilities and other balances at the end of each accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition, construction or enhancement of an asset that will be used to provide services for more than one year.

CAPITAL EXPENDITURE FINANCED FROM REVENUE

Revenue resources used to finance capital expenditure.

CAPITAL FINANCING

The various sources of money used to pay for capital expenditure – for example, usable capital receipts, capital grants, capital contributions, Section 106 monies and direct revenue financing.

CAPITAL RECEIPTS

Income from the sale of capital assets, such as land or buildings, which would be available to finance other items of capital expenditure. Capital receipts cannot be used to fund revenue services.

COLLECTION FUND

A separate fund recording the expenditure and income relating to council tax and non-domestic rates.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This account brings together income and expenditure relating to all of the Authority's functions. It demonstrates how the costs have been financed from government grants, income from local taxpayers and other fees and charges.

CREDITORS

Amounts owed by the Authority for work done, goods and services that have been supplied in the accounting period but not paid for.

DEBTORS

Amounts owed to the Authority by others for goods and services that have been supplied but remain unpaid at the end of the accounting period.

DEPRECIATION

This is a charge made to the revenue account each year to reflect the reduction in the value of Property, Plant and Equipment used to deliver services.

EARMARKED RESERVES

Amounts set aside for purposes falling outside the definition of provisions.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure to help with the provision of services and capital projects. Some government grants have restrictions on how they may be used whilst others are general purpose.

HOUSING BENEFITS

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord accommodation or privately owned accommodation whose incomes fall below prescribed amounts. The government subsidises the cost of this service.

GLOSSARY OF TERMS

IMPAIRMENT

This is a reduction in the value of an asset below its carrying amount on the balance sheet arising from damage to the property or a significant reduction in market value.

LIABILITY

A liability is included in the financial statements when the Authority owes money to others – for example, creditors or cash overdrawn.

NON-DISTRIBUTED COSTS

These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension charges.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PROVISIONS

Monies set aside to meet any liabilities or losses that are likely or will be incurred but where the amount due or the timing of the payment is not known with any certainty.

RATEABLE VALUE

The annual assumed rental value of a property that is used for business purposes.

RESERVES

Reserves result from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Authority's discretion.

REVENUE EXPENDITURE

Expenditure incurred on the day-to-day provision of services.

REVENUE SUPPORT GRANT

A general grant paid by the Government to local authorities as a contribution towards the cost of their services.