

Statement of Accounts 2025/26



Contents

Narrative Report	4 - 22
Statement of Accounts:	
Statement of Responsibilities	23
Comprehensive Income and Expenditure Statement	24
Movement in Reserves Statement	25
Balance Sheet	26
Cash Flow Statement	27
Note 1 - Accounting policies	28-42
Note 2 - Accounting standards that have been issued but have not yet been adopted	42-43
Note 3 - Critical judgements in applying accounting policies	43
Note 4 - Assumptions made about the future and other major sources of estimation uncertainty	43 - 44
Note 5 - Events after the reporting period	45
Note 6 - Prior Year Adjustment	45
Note 7 - Expenditure and funding analysis	46 - 49
Note 8 - Expenditure and income analysed by nature	49
Note 9 - Adjustments between accounting basis and funding basis under regulations	50 - 51
Note 10 - Movements in earmarked reserves	52 - 53
Note 11 - Other operating income and expenditure	53
Note 12 - Financing and investment income and expenditure	53
Note 13 - Taxation and non-specific grant income and expenditure	54
Note 14 - Property, plant and equipment	54 - 57
Note 15 - Heritage assets	57 - 58
Note 16 - Investment properties	59
Note 17 - Financial instruments	60 - 63
Note 18- Intangible Assets	63
Note 19 - Assets held for sale	64
Note 20 - Debtors	64
Note 21 - Debtors for local taxation	64
Note 22 - Cash and cash equivalents	65
Note 23 - Creditors	65
Note 24 - Provisions	65 - 66

Note 25 - Unusable Reserves	66 - 70
Note 26 - Cash flow statement - Operating activities	70 - 71
Note 27 - Cash flow statement - Investing activities	71
Note 28 - Cash flow statement - Financing activities	71
Note 29 - Reconciliation of liabilities arising from financing activities	71
Note 30 - Members' allowances	72
Note 31 - Officers' remuneration	72 - 73
Note 32 - Termination benefits	73
Note 33 - External audit costs	73
Note 34 - Usable reserves	73
Note 35 - Grant income	74 - 75
Note 36 - Related party transactions	75 - 77
Note 37 - Capital expenditure and capital financing	78
Note 38 - Leases	78
Note 39 - Impairment / revaluation losses	79
Note 40 - Defined benefit pension schemes	79 - 83
Note 41 - Nature and Extent of Risks Arising from Financial Instrument	84 - 87
Note 42 - Contingent Assets and Liabilities	87 - 88
Housing Revenue Account Income and Expenditure Statement	89
Movement on the Housing Revenue Account Statement	90
Notes to the Housing Revenue Account	90 - 92
Collection Fund	93
Notes to the Collection Fund	94
Group Accounts	95 - 99
Note to the Group Accounts	99 - 101
Glossary	102 - 108
Independent Auditor's Report to the Members of Warwick District Council	109

Andrew Rollins, ACMA, CGMA
Head of Finance

Narrative Report

Message from the Head of Finance

Andrew Rollins

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Warwick District, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the financial outturn for 2025/26
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is secure.

Legislation requires that an authority's draft accounts be completed by 30 June following the year end, and an audited Statement of Accounts submitted to the appropriate body for approval by 30 September each year. To aid transparency, it also requires all local authorities to have a common thirty-day public inspection period which includes the first ten working days following the draft publication.

In order to clear the backlog of unaudited accounts up-to-and-including financial year 2025/26, the Government have introduced backstop dates by which authorities need to publish audited accounts. The backstop date for 2025/26 has been set at 31 January 2027, one month earlier than for 2024/25. This will enable the Council to focus on the most recent accounts where assurance is most valuable and

relevant to support strategic decision making.

The Narrative Report provides a summary of Warwick District Council, including the structure of the Council, its vision through the Corporate Strategy and the principal risks that it faces. It also demonstrates how the Council has used its available resources to achieve desired outcomes from both a financial and non-financial perspective and provides a summary of the financial position as at 31 March 2026.

The Council has three strategic priorities;

- Delivering valued, sustainable services
- Low cost low carbon energy across the district
- Creating vibrant, safe and healthy communities of the future

All priorities have an overarching theme of sustainability with the first focussing on financial sustainability and how the Council will look to continue to deliver high quality valued services funded directly from in-year sources, and move away from its recent reliance on reserves.

The 2025/26 financial year has been one of continued challenge and significant change for local Government. Against a backdrop of national reform, ongoing economic uncertainty and increasing demand for public services, the Council has remained focused on maintaining financial resilience, strengthening governance and delivering value for its stakeholders, including residents.

REBUILDING AUDIT ASSURANCE

A major priority throughout the year has been centred around our continued work to rebuild assurance as part of addressing the audit backlog which has resulted in the disclaimer of audit opinions across much of Local Government in recent years, including Warwick District Council.

While the disclaimed opinion received for the 2024/25 accounts in February 2026 does not necessarily indicate material weaknesses in the Council's financial management, they do not enable sufficient assurance to be obtained regarding values contained within them, including closing balances.

In June 2025, Azets, our external auditors, set out a roadmap on how the Council will move towards unqualified accounts. The 2024/25 accounts were the first step towards this, seeing no significant weaknesses being reported, with the one carried forward from 2023/24 linked to team resourcing being addressed through the recruitment of new staff following approval of budget as part of the budget setting process.

The 2025/26 will present the next step along this process. Part of this is ensuring that the draft accounts were published in an accurate yet timely manner. I am pleased to report that, for the first time since 2020, that the accounts have been published to meet the statutory deadline of 30 June. This has been a significant undertaking by the finance team, and could not have been done without the wider support from the rest of the Council. This is a key milestone for the Council as part of the build-

back process, and while the audit plan does still set out that the accounts will likely still require the additional time as set out by the backstop deadline, it is hoped that the Council will soon be able to work with our audit partner to meet the statutory sign off deadline of 30 September in the near future.

THE POLITICAL AND ECONOMIC ENVIRONMENT

The wider environment during the 2025/26 continued to present considerable uncertainty. Local authorities have been operating within a period of policy transition, with significant reforms across local government funding and local government reorganisation. While some of these have come into force, including changes to the Procurement Act, many will impact in future years, including 2026/27.

Economically, while inflation has stabilised from the peak levels experienced in recent years, the effects of sustained pressures continue to be felt across the public sector. Borrowing costs have also remained higher than forecast, impacting on the delivery of the Council's expansive and ambitious Capital programme, including the delivery of new social housing.

Despite the challenging economic environment and continued uncertainty, particularly as a result of events towards the end of the financial year, the Council has continued to deliver the Medium-Term Financial Strategy (MTFS) while remaining focussed on delivering quality services for its residents.

LOCAL GOVERNMENT FINANCE IN 2025/26 AND BEYOND

The 2025/26 settlement provided a degree of short-term stability for Warwick District Council, who have in recent years benefitted from business rate growth and early investment in key service delivery reforms such as waste management.

However, concerns remained regarding the expected changes as part of the long-delayed and widely anticipated funding reforms. These were finally outlined in late 2025 and confirmed in early 2026, taking effect from 2026/27 onwards. While the full impact of the reforms remains uncertain, the Council has been able to set a balanced budget and MTFs, while benefitting from the multi-year settlement to provide longer-term investment into a number of services across the Council.

LOCAL GOVERNMENT REORGANISATION

The most significant strategic issue facing Warwick District Council is the proposed reorganisation of local government across Warwickshire.

Following the submission of the Council's draft proposal in November 2025, the Council has entered a period of detailed engagement and assessment with its counterparts, with baselining work being delivered across a number of established key workstreams, including finance and commercial and contracts. At the time of the draft publication, it is expected that a decision from Government will be made in July 2026.

LOOKING FORWARD

2026/27 is expected to be a year of continued change. I would therefore like to thank my finance team, officers across the organisation, as well as members and our external audit team for their commitment and support for the work done to date and for the work yet to be determined. Their efforts have resulted in maintaining strong financial management while also enabling the Council to continue to move forward.

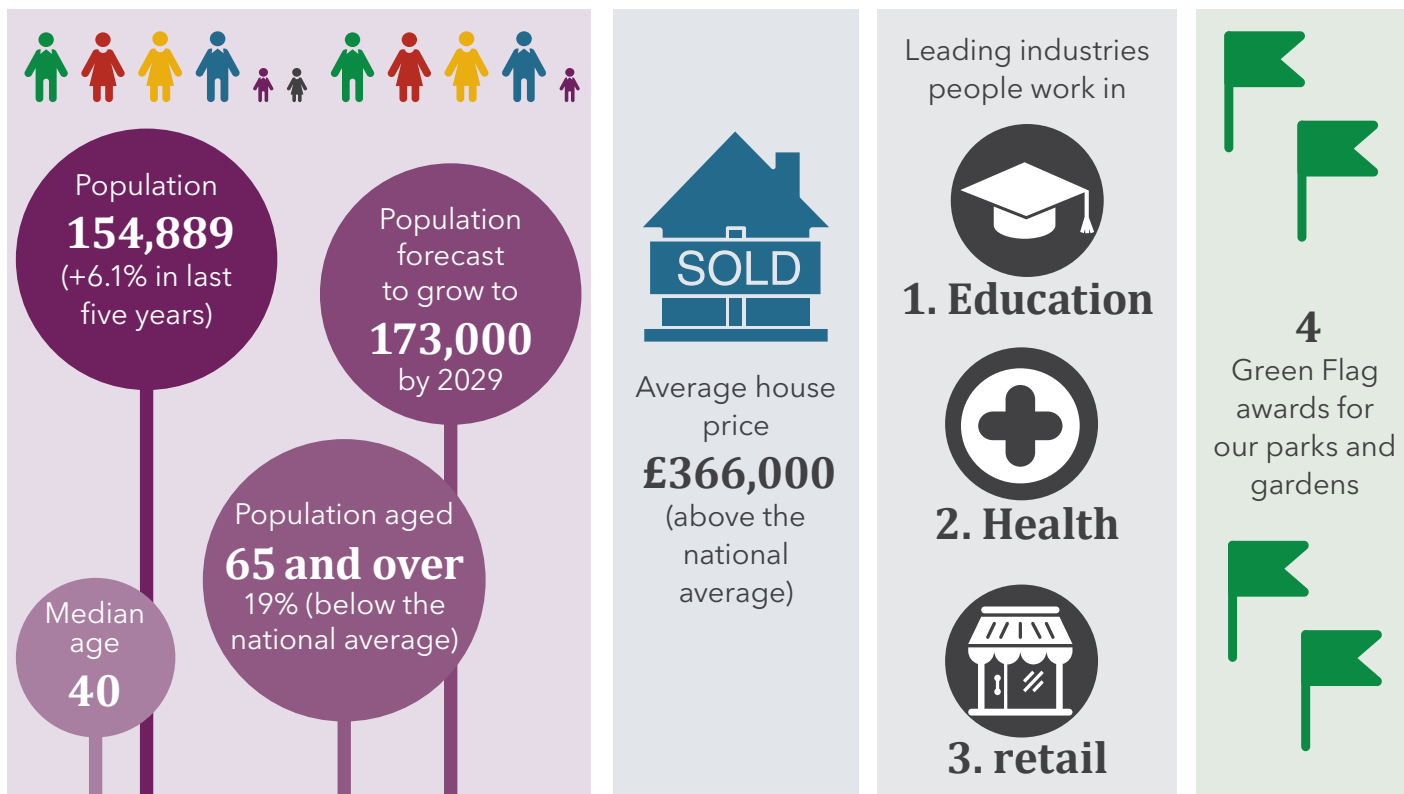


Key facts about the District

Warwick District is a roughly heart shaped district in the heart of England. It has a reach which is local, regional, national and international by virtue of its significant and good communication links via roads, trunk roads, motorways, rail and proximity to three airports. There are several international companies based in the wider area including Jaguar Land Rover, BMW, General Electric, and Aston Martin Lagonda, supported by a well-established advanced manufacturing and engineering sector. The sector is being transformed by technological innovations, with research and development in the area of smart mobility, driverless technology, electric vehicles and low carbon technologies creating new job opportunities. There is also a well-established ICT sector driven by high-growth gaming and creative industries, with a gaming cluster centred around Leamington Spa, which is sometimes referred to as the 'Silicon Spa'.

In recent years the district has hosted a number of international sports events, notably the Lawn Bowls and Para Lawn Bowls in Victoria Park, Leamington Spa and cycling road races in Warwick as part of the Birmingham 2022 Commonwealth Games. In 2027 the World Bowls Championships will be held at Victoria Park. The district also enjoys a strong cultural programme with a mix of festivals, live music and family events throughout the year.

Supported by the Government's Future High Streets fund the Council is playing a lead role in an ambitious and creative regeneration project for the Old Town, in Leamington Spa, opening up new spaces to support the town's important creative industries. To date the Creative Quarter project has seen the restoration of several key buildings including the Stoneleigh Arms and Old School, Spencer Yard and United Reformed Church and Leamington Town Hall.



4 towns Kenilworth, Royal Leamington Spa, Warwick and Whitnash, accounting for around 80% of the population.

Political Structure

As at 31 March 2026, Warwick District had 17 wards and the Council consisted of 44 Councillors. The political make up of the Council is shown below.



The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Cabinet has responsibility for the allocation of Portfolios and the delegation of Cabinet Functions. Cabinet members are held to account by a system of scrutiny which is also set out in the Constitution. Scrutiny of Cabinet decisions for 2025/26, including the setting of a balanced budget for 2025/26, has been undertaken by either the Finance and Audit Scrutiny Committee or Overview and Scrutiny Committee.

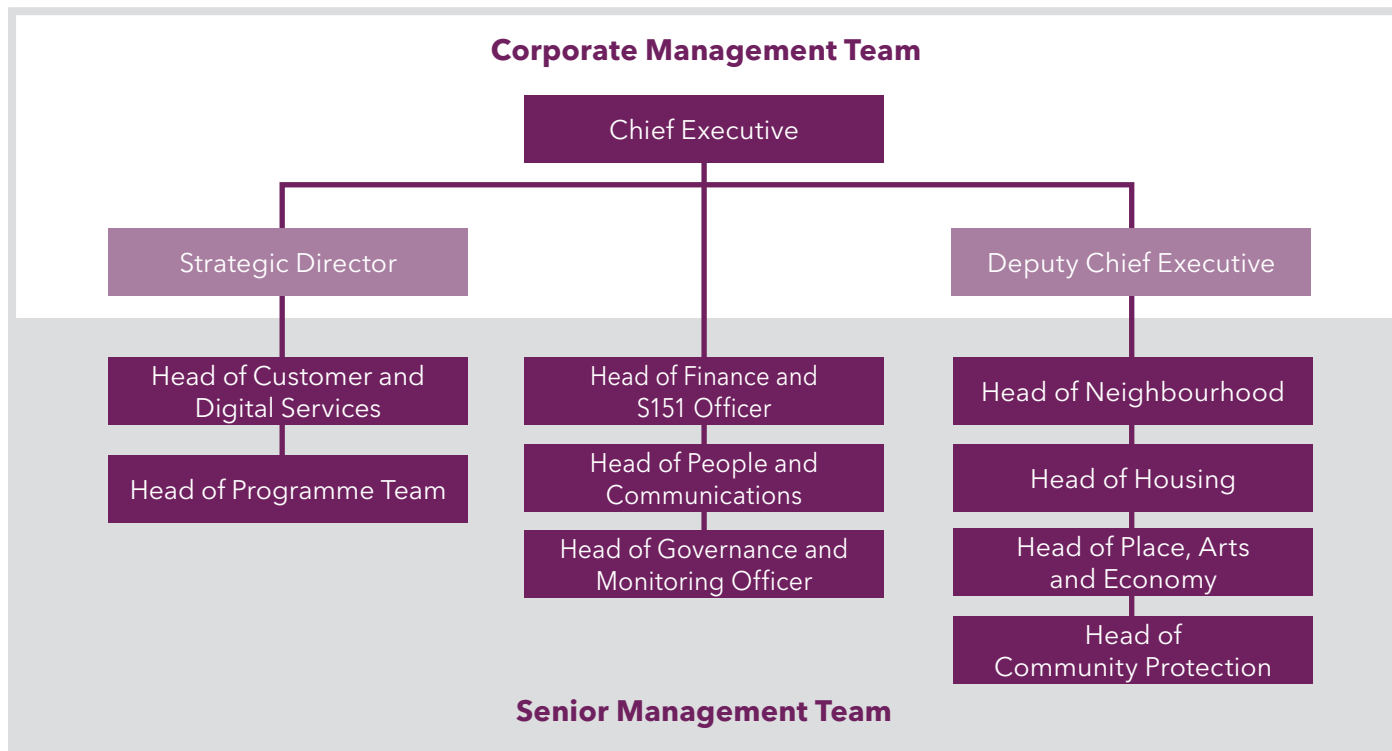
Warwick District Council Key Information

Warwick District Council is a multifunctional and complex organisation. Its policies are directed by the political leadership and implemented by Portfolio Holders, who make up the Cabinet (the Council's main decision making body) and officers of the Council.



Management Structure

Supporting the work of Councillors is the organisational structure of the Council, headed by the Corporate Management Team and led by the Chief Executive.



During 2025/26 the Corporate Management Team was comprised of the Chief Executive, a Strategic Director and a Deputy Chief Executive.

The Head of Finance periodically attends the Corporate Management Team meetings in his role as the Council's Chief Financial Officer (the officer responsible under statute for the administration of the Council's financial affairs) together with other Heads of Service as required. This ensures that the key statutory officers are represented at the most senior level of the Council.

The Corporate Management Team is responsible for the delivery of Council services, directing improvements and future plans for Warwick District. It provides managerial leadership and supports Councillors in:

- Developing strategies;
- Identifying and planning the use of resources;
- Delivering plans; and
- Reviewing the Council's effectiveness with the overall objective of providing excellent service to the public.

Supporting the Corporate Management Team is the Senior Management Team which consisted of eight Heads of Service as shown in the diagram above. This Management Structure was implemented at the beginning of October 2024.

Council Employees

The full time equivalent number of staff employed by the Council in April 2025 was 493. This increased over the year to 517 at the end of March 2026, including 13 apprentices as at 31 March 2026, with 7 new Apprentices started in the year 25/26.

The Council is an Equal Opportunities employer that welcomes applications from all and uses a fair and open selection process based on knowledge, experience, skills, and behaviour with the aim of recruiting the best person for the job.

Warwick District Council promotes an environment that offers opportunities to all staff. The Council is committed to training and development, encourages a healthy work life balance for all staff and has achieved the National Award for England's Health and Wellbeing Charter and Investors in People accreditation.

Our Vision

The Council's Vision is 'To make Warwick District a great place to live, work and visit by improving lives and our environment'

The Council's latest Service Area Plans set out the delivery of these strands.

CORPORATE STRATEGY PRINCIPLES

The delivery of the Corporate Strategy will be underpinned by the following seven principles:

- Sustainability will be at the heart of our decision-making.
- Plan and invest for the long-term benefit for the people and environment of the district.
- Good governance and transparent decision-making.
- Use data, including insight from our customers, residents, businesses, and visitors to help us make the right decisions.
- Social value and inclusive growth will underpin the investments we make throughout the district to help ensure all our communities prosper.
- Consultation and engagement with stakeholders will be used to help inform and shape how we deliver improvements and change.
- We will evaluate how we make the best use of resources to offer the best service at the best value.

The Three strategic priorities of the Council are:

- Delivering valued, sustainable services.
- Low cost, low carbon energy across the district.
- Creating vibrant, safe and healthy communities of the future.

Our Values

Our values are at the heart of everything we do. They provide the basis within which we engage with our employees, and ultimately influence and shape our organisational culture. They are the driving force behind all the work we do.



WE WILL FIND A BETTER WAY

The Council will find creative, innovative and practical solutions to problems.



WE WILL MAKE IT HAPPEN

The Council are determined and take responsibility in all we do.



WE WILL SHOW RESPECT

The Council will value everyone, support each other and work objectively without bias or prejudice.



WE WILL BE COLLABORATIVE

The Council will work together with our partners and stakeholders to achieve shared goals.

Our Services

The Council provides valuable and accessible services for the community, which helps to promote Warwick District as a great place to live, work and visit, and these include:

FINANCE

- Accountancy
- Audit and Risk
- Procurement and Creditors
- Council Tax and Business Rates Collection

CUSTOMER & DIGITAL SERVICES

- Application Support, Digital Mapping services
- Benefits & Customer Services
- Community Health & Wellbeing
- Transformation
- Helpdesk & Technical Support
- Infrastructure Services

PEOPLE & COMMUNICATIONS

- Human resources
- Learning & Development
- Marketing & Communications
- Equalities Diversity & Inclusion

PLACE, ARTS AND ECONOMY

- Development Management
- Building Control
- Planning Policy and Delivery
- Arts & Culture

- Enterprise
- Economic Development & Regeneration

COMMUNITY PROTECTION

- Environmental Health & Licensing
- Corporate Health & Safety
- Private Sector Housing
- Community Safety

NEIGHBOURHOOD

- Bereavement Services
- Public Conveniences
- Off street Car Parking
- Refuse & Recycling Collections
- Street Cleansing
- Parks and open space maintenance
- Sports & Leisure, Outdoor Sport

HOUSING

- Housing Needs
- Landlord Services
- Housing Strategy and Development
- Business Development and Change

- Milverton Homes and Joint venture
- Compliance, Repairs & Maintenance
- Technical Surveying & Contracts
- Fire safety & Building Safety
- Private Sector Housing
- Lifeline and Independent Living

GOVERNANCE & MONITORING

- Public Council, Cabinet & Committee meetings
- Councillor, Chairman support
- Policy, Performance and Complaints
- Electoral registers
- Public elections and referendums

STRATEGIC LEADERSHIP

- Corporate Policy
- Sustainability and low cost low carbon projects
- Strategic Partnerships
- Corporate Programme
- Town Centre Projects

Resource Strategies

The Corporate Strategy is supported by four resource strategies (Digital, People, Finance and Asset), which set out how the Council plans to utilise its resources to achieve its objectives:

DIGITAL STRATEGY AND CHANGE PROGRAMME

In 2024 the Council's Digital Strategy became an integrated part of the Council's Change Programme, which continues to build on the delivery of inclusive, valuable and effective services that meet the needs of our communities. The Change Programme is reshaping how our services are delivered and the priorities the Customer and Digital Services team focus on, including the creation of centralised customer service functions, designed to make access easier, more consistent, and to deliver the right answer at the first point of contact. The programme also addresses the effective internal use of technology by our services, to ensure the future sustainability and continued achievement of the Council's strategic priorities.

PEOPLE STRATEGY

The People Strategy sets out how the Council's approach to resourcing, learning and development, and cultural change ensures that

its workforce is able to support the Council's Corporate Strategy Warwick District 2030, as it is the staff who deliver the Council's vision to make Warwick District a great place to live, work and visit by improving lives and our environment.

MEDIUM TERM FINANCIAL STRATEGY FOR 2025/26 TO 2029/30

The Medium Term Financial Strategy (MTFS) was approved by the Council on 19 February 2025. This document sets out the financial framework used to ensure adequate financial resources are available to achieve the Council's objectives and that appropriate action is taken to address significant future challenges.

ASSET STRATEGY

A new General Fund Asset Management Strategy was presented to July 2025 Cabinet and instigated thereafter. The Strategy covers the Council's General Fund corporate and community assets, and will derive best value through social, environmental and financial measures. A new Asset Challenge process will periodically review our assets and identify opportunities for investment, disposal or for potential future acquisitions.

Annual Service Area Plans

The Council has a Corporate Strategy and the delivery of this is supported by the Individual Service Area Plans. The Service Area plans, covering a period of 1 January 2024 through to 31 March 2026, were developed in parallel to the new Corporate Strategy and were adopted in December 2023. There were 9 service area plans: Customer & Digital Services, Finance, Governance, Housing Services, Neighbourhood, People and Communication, Place, Arts & Economy, Community Protection and Strategic Leadership. Each service area produces, in consultation with Portfolio Holders and relevant stakeholders, for particular areas of activity. The individual plans seek to describe the scope of each Service Area's services and projects and how delivery will be managed with available resources. In aggregate, the Service Area Plans represent the programme of work for the Council for each financial year.

Performance against the Service Area Plan is reviewed by the Overview and Scrutiny Committee with quarterly reports being presented to them, with these being made available to the public via the Council's website. To support this work all Councillors have access to the Service Area Plans and performance data to enable them to monitor the work.

Financial Overview 2025/26

The approved revenue budget sets out how the Council plans to allocate revenue funding during the year in order to deliver services to the people and communities within Warwick District.

Revenue resources available to finance the General Fund Budget, used to provide services are forecasts to be approximately £27.193m by 2028/29. A year-by-year breakdown is shown in the diagram below:

REVENUE RESOURCES	2025/26 Actual '£000	2026/27 Forecast '£000	2027/28 Forecast '£000	2028/29 Forecast '£000
Business Rates	14,284	14,412	11,999	9,502
Collection Fund Balance	338	(193)	0	0
New Homes Bonus	1,529	0	0	0
Funding Floor (Guarantee)	1,547	1,501	2,217	4,136
Other Grants and Government Funding	1,187	1,291	1,126	992
Council Tax	10,933	11,608	12,078	12,563
Total Revenue Resources	29,818	28,619	27,420	27,193

The approved Medium Term Financial Strategy (MTFS) forecasts a surplus of £0.044m by 2028/29. This position is reliant on meeting the ambitious targets agreed by Cabinet as part of the Change Programme.

Other future changes that are anticipated to have an impact on the Council's finances are:

- Longer Term Local Finance Settlement being agreed by Government
- Economic Changes arising from current World Events.
- Efficient procurement to deliver quality services at minimum cost
- Population growth increasing demand for services provided
- Expenditure pressures relating to pay awards, inflation, and capital programme financing costs.

The change programme was born of the recognition that if the Council is to remain sustainable, we must alter how we do things. Given the significance of the change that is required, it is important that this is done with purpose and at all time, supports and enriches the Council's priorities and its vision to make Warwick District a great place to live, work and visit by improving lives and environment.

For 2025/26 the Council approved a net General Fund budget of £11.608m, which resulted in a D Band Council Tax charge of £193.21.

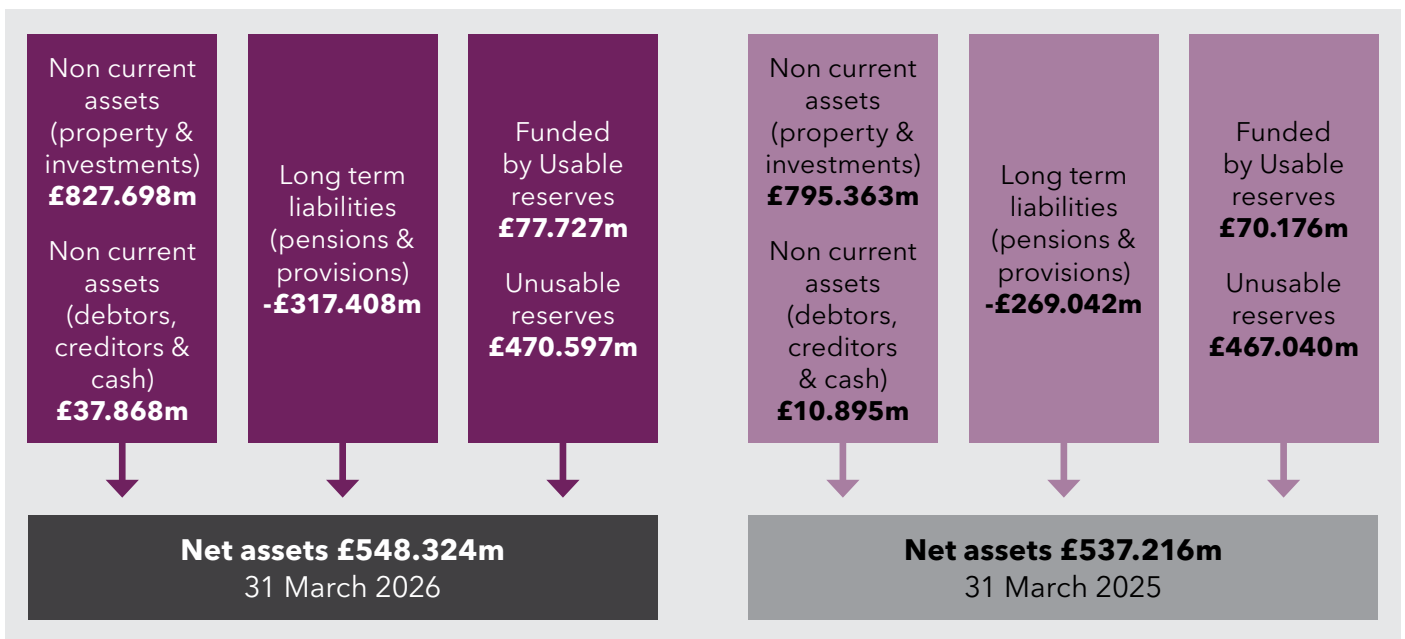
Financial Overview 2025/26



DURING THE YEAR, THE COUNCIL:

- Collected over £86.77m of Business Rates and £139.422m of Council Tax, of which £179.799m (79%) is passed onto Central Government and other agencies.
- Managed £16.167m of Investment Property which generated £0.882m of rental income which was used to support the provision of services within the District.
- Spent £125.899m (gross expenditure) on Council services.
- Received £68.459m of fees, charges and other service income, and Government grants and other contributions of £46.694m which were used to deliver Council services.

The Council continues to be in a robust financial position and maintains a strong balance sheet despite the financial challenges it faces.



The specified minimum level of General Fund revenue reserves as determined by the Head of Finance is £1.5m. The level of General Fund reserves to be carried into 2026/27 is £25.701m, which is £24.201m above the specified minimum amount. £19.912m of this total relates to Earmarked Reserves which have been set aside for specific purposes.

Financial Performance 2025/26

The Council's financial outturn position in respect of both General Fund Services and the Housing Revenue Account is shown in the table below.

Revenue Outturn Position	Budget £000	Actual £000	Variation £000	Reserves Movements £000	Final Variance £000
Customer & Digital Services	1,576	1,696	120	0	120
Finance	757	865	108	0	108
Housing Services - GF	3,221	3,306	85	63	148
Governance	812	874	62	22	84
Neighbourhood	13,286	12,634	(651)	474	(177)
People and Communication	172	270	98	0	98
Place, Arts & Economy	12,463	11,864	(599)	240	(359)
Community Protection	3,831	4,060	229	(46)	183
Strategic Leadership	398	99	(299)	71	(228)
Net Revenue Expenditure on Services	36,516	35,668	(847)	824	(23)
Housing Services - HRA	4,140	2,987	(1,153)	92	(1,061)
Net Revenue Expenditure on Services	40,656	38,655	(2,000)	916	(1,084)

It should be noted that the above table shows the Council's net revenue expenditure, analysed by portfolio, as reported for resource management purposes. The Expenditure and Funding Analysis reconciles the net expenditure shown above, together with the accounting adjustments to provide a reconciliation to the Comprehensive Income and Expenditure Statement.

In overall terms, the Council achieved a General Fund surplus of £0.847m. Of this, £0.824m relates to unused Earmarked Reserves and Grants, and has been allocated to their specific reserves to fund future projects. The revised General Fund surplus of £0.023m has been allocated to the General Fund Volatility Reserve.

The HRA recorded a deficit of £1.084m which has been funded from the HRA Capital Investment Reserve.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA), is a ring-fenced account for services specifically relating to the provision of housing and associated services to Council tenants and leaseholders. The cost of providing these services is met from rents, service charges and grant funding. In 2025/26 £38.364m of income was received, of which £35.230m related to dwelling rents from 5,826 properties. £33.279m of this was spent on providing revenue services in year.

Capital Programme 2025/26 to 2029/30

The Council has an ambitious five year capital programme: it is planning to spend £229.6m over this period. This investment will deliver a range of objectives including:

- Realising local aspirations as set out in the Fit for the Future programme - for example delivering a new Leisure Centre facility in Kenilworth and enhancements to surrounding Leamington Spa area for a Country Park at Tachbrook.
- Maintaining and enhancing the condition of existing assets including Pump Rooms roof repair and restoration, Covent Garden Car Park and “invest to save” projects which generate revenue savings, releasing valuable resources for other purposes for example investing in Information and Communication Technology.
- Achieving regeneration and economic vitality in the district such the development of the Europa Way site and the improvement of Leamington Old Town.
- Increasing the number of affordable homes in the district.

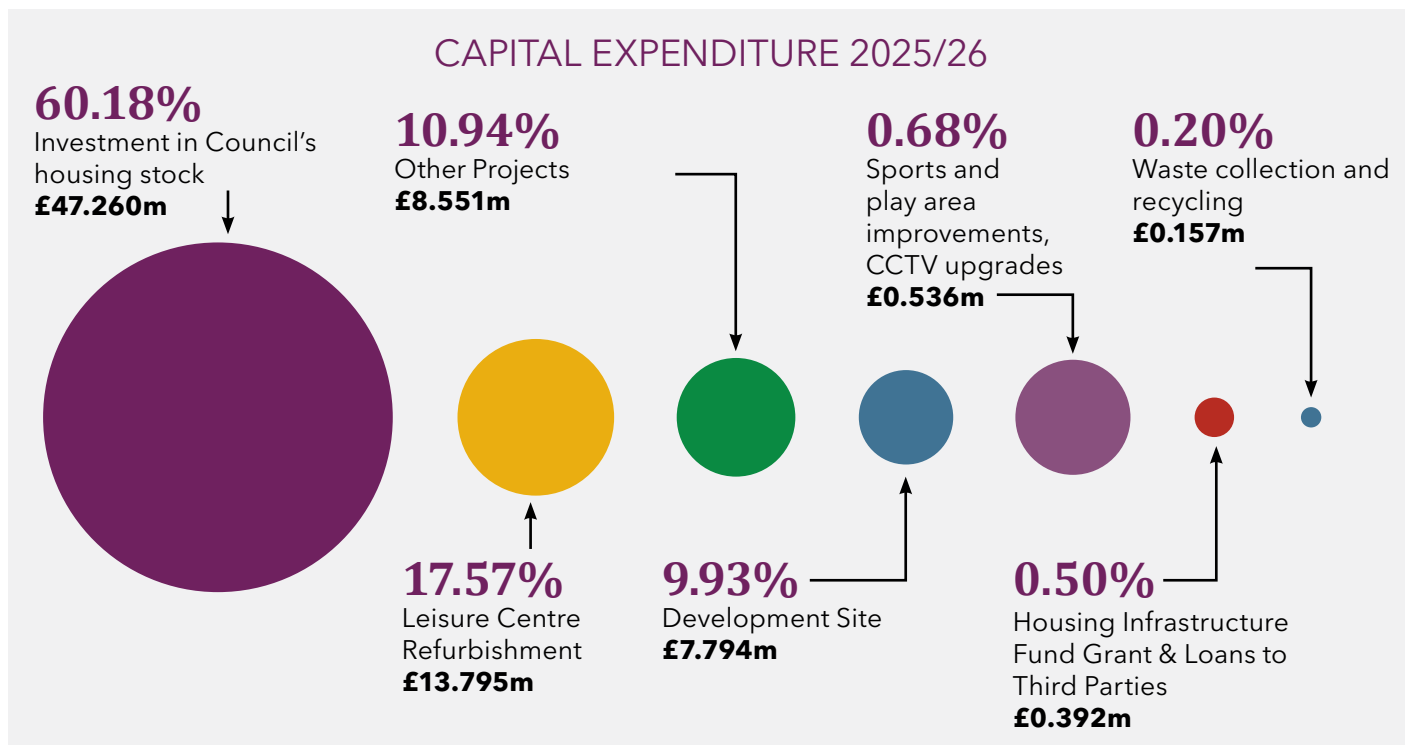
- Improvements to the Council’s existing housing stock

The main sources of funding for these future works are Right to Buy sales of council homes to eligible tenants and other usable capital receipts (£13.57m), contributions to capital works including from developers (£35.72m), use of the Council’s own resources - either by revenue contributions to capital projects (£0.66m) or the use of earmarked reserves (£64.32m), and borrowing provided the Council can demonstrate that it can afford to service the debt (£115.36m).

The 2025/26 total capital budget of £71.86m was approved at the Council Meeting on 6th February 2025. This was subsequently revised to £103.55m with the addition of re-profiled expenditure from the previous financial year and further approvals in the year. Actual capital expenditure for 2025/26 was £77.45m (£61.97m 2024/25). The charts below detail this expenditure and the accompanying financing.



Capital Programme 2025/26

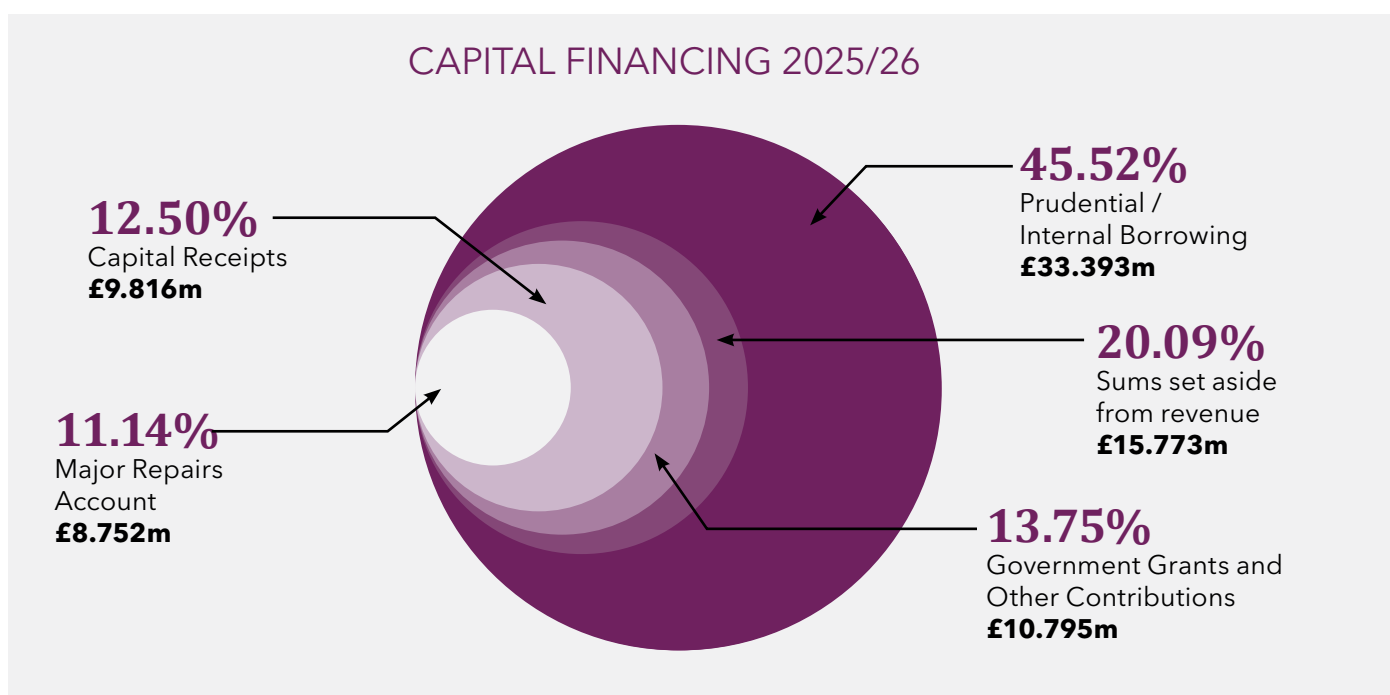


The expenditure analysis by portfolio, together with explanations of major project variances occurring in 2025/26 is shown in the tables below.

Capital Expenditure 2025/26	Latest Budget £000	Actual £000	Variation £000
Community Protection	304	312	8
Place, Arts & Economy	6,690	3,950	(2,770)
Finance	136	119	(17)
Strategic Leadership	20,281	15,888	(4,599)
Neighbourhood Services	3,237	2,769	(499)
Customer and Digital Services	676	436	(240)
Total Other Services Expenditure	31,324	23,474	(8,118)
New Build/Reprovision of Housing	43,492	44,842	1,350
Improvements/Renewals	29,046	10,213	(18,833)
Total HRA Related Housing Investment Programme (HIP)	72,538	55,055	(17,483)
TOTAL Capital Expenditure	94,194	78,529	(17,476)

CAPITAL EXPENDITURE VARIANCES 2025/26

Major variances caused by:	
Place, Arts & Economy	Sorting Office - underspend £3.1mill due to delays in purchases/planning
Strategic Leadership	Tachbrook Country Park - underspend £2.5mill due to delay with onsite issues Community Stadium/Myton footpath - underspend £1.7mill due to delays in planning
HRA Related HIP	New Build work delays - underspend £12.049m Hi Rise Cladding Replacement - underspend £18.53m



Key Strategic Partnerships

Milverton Homes Ltd. During 2020/21, Warwick District Council created a wholly owned Local Housing Company subsidiary named Milverton Homes Ltd. Milverton Homes Business Plan was approved by the Council's Cabinet on 10 December 2020. The Company was incorporated with Companies House on 8 January 2021, with the nature of the business being 4110 - Development of building projects. Four directors have been appointed to the Milverton Homes Board and are registered at Companies House, and the accounting reference period has been aligned with the Council's.

Milverton Homes entered into a joint venture, which is planned to last at least 6 years up to 2028 and will provide 248 affordable and social housing dwellings, which will be constructed and sold to the Council's The Housing Revenue Account (HRA) in phases.

Milverton Homes will also acquire 62 Market Rate Rental Dwellings from the Joint Venture, to be let out to the public and managed in line with agreed Market Rental Letting Policies. These dwellings will enable Milverton Homes to generate its own income to ensure future operations are financially viable.

Governance Framework

The Annual Governance Statement provides assurance to the community, service users, tax-payers, and other stakeholders that the Council has in place good business practices, high standards of conduct, and sound governance arrangements, including suitable risk management arrangements.

The Council has adopted a Local Code of Governance, which sets out the Council's commitments to seven core principles of governance.

Visit the Warwick District Council website for further information.

The Accounts and Audit Regulations 2015 require the Council to conduct a review, at least annually, of the effectiveness of its system of internal control and report the findings in an annual governance statement. The Council's 2025/26 Annual Governance Statement is included in the Financial Statements.



Corporate Risks 2025/2026

A risk management policy is in place which was approved by Cabinet in July 2024. This guides the Council on how to identify and evaluate risks to the Council's operations, key priorities and major projects. Significant risks are recorded in the Significant Risk Register which is reviewed and updated (at least) quarterly by the Senior Leadership Team, Cabinet, and Audit and Standards Committee. Some of the risks are confidential and, as such, the specific details are not included below but will be shared directly with External Audit.

Key risks identified during 2025/26 include:

Risk/Issue	Probability of Occurrence	Management Action to Mitigate Risk
C4	Medium / High	Mitigating actions are included in the Confidential Strategic Risk Register
C12(a)	Medium / High	Mitigating actions are included in the Confidential Strategic Risk Register
C13	Medium / High	Mitigating actions are included in the Confidential Strategic Risk Register
C14(b)	High	Mitigating actions are included in the Confidential Strategic Risk Register
C14(c)	Medium / High	Mitigating actions are included in the Confidential Strategic Risk Register
C17	High	Mitigating actions are included in the Confidential Strategic Risk Register
C19	High	Mitigating actions are included in the Confidential Strategic Risk Register
C20	High	Mitigating actions are included in the Confidential Strategic Risk Register
Government White Paper re Local Government Restructure - As the decision from Government has not yet been made regarding the direction that will be taken (i.e. either one or two unitary authorities covering Warwickshire), the risk at present mainly focusses on delivery of service through the impact on officer morale, potential for officers to look at roles away from the Council and inability to recruit to roles	High	Strong continued message from Chief Executive, Senior Officers and Councillors that it remains business as usual and commitment to support all staff, including active promotion of roles at WDC. Papers were presented to the Employment Committee and Cabinet in March 2026 to approve the creation and funding of a new post on the senior leadership team (Head of Service LGR) which will enable the management and direction of this major programme of work to be co-ordinated both internally and externally, and allow the current members of SLT capacity to undertake their main roles.

Content and Format of the Statement of Accounts

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements, which are explained below:



STATEMENTS OF RESPONSIBILITIES

This statement sets out the respective responsibilities of the Council and the Chief Finance Officer (Head of Finance).

CORE FINANCIAL STATEMENTS

The Statement of Accounts comprises four core financial statements:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

A description of the purpose of each statement is included with each core statement.

AUDITOR'S REPORT

Auditor's Report gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

MAIN CHANGES TO THE CORE STATEMENTS AND SIGNIFICANT TRANSACTIONS 2025/26

There are no significant changes to the 2025/26 Statement of Accounts.

STATEMENT OF ACCOUNTING POLICIES

This summarises the accounting rules and conventions that have been used in preparing these financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.



SUPPLEMENTARY STATEMENTS

The Housing Revenue Account (HRA) shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditures in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Warwick District, the Council Tax precepting bodies are Warwickshire County Council and the Office of the Police and Crime Commissioner for Warwickshire.

RECEIPT OF FURTHER INFORMATION

If you would like to receive further information about these accounts, please do not hesitate to contact Andrew Rollins. Please see below for details.

ACKNOWLEDGEMENTS

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Andrew Rollins, ACMA, CGMA

Head of Finance
Town Hall
Parade
Royal Leamington Spa
CV32 4AT

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In line with statute this is the Section 151 Officer. In this Council, that officer is the Head of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Head of Finance is responsible for the preparation of the Council'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 Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code of Practice.

The Head of Finance has also:

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

I certify that to the best of my knowledge and belief, the Statement of Accounts presents a true and fair view of the financial position of Warwick District Council at 31 March 2026, and its income and expenditure in the year ended 31 March 2026.

30 June 2026
Andrew Rollins, ACMA, CGMA
Head of Finance
Town Hall
Parade
Royal Leamington Spa
CV32 4AT

Approval of Statement of Accounts

Statement of Accounts will be presented at the Warwick District Council Audit and Standards Committee meeting to be held on 27 January 2026.

Chair of the Meeting
Councillor Hales

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 (or rents). Local Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Gross Expenditure 2024/25 £000	Gross Income 2024/25 £000	Net Expenditure 2024/25 £000	Portfolio	Note	Gross Expenditure 2025/26 £000	Gross Income 2025/26 £000	Net Expenditure 2025/26 £000
24,065	(21,272)	2,793	Customer & Digital Services		19,648	(17,951)	1,697
4,403	(825)	3,578	Finance		1,536	(671)	865
1,937	(1,137)	800	Governance		1,347	(472)	875
3,108	(2,111)	997	Housing Services - GF		6,093	(2,788)	3,305
32,761	(36,659)	(3,898)	Housing Services - HRA		44,168	(39,424)	4,744
24,770	(11,002)	13,768	Neighbourhood		25,189	(12,554)	12,635
(103)	(84)	(187)	People and Communication		317	(47)	270
21,825	(11,489)	10,336	Place, Arts & Economy		19,778	(7,914)	11,864
5,919	(2,350)	3,569	Community Protection		6,200	(2,140)	4,060
2,075	(531)	1,544	Strategic Leadership		1,615	(1,174)	441
120,760	(87,460)	33,300	Cost of Services - continuing operations		125,891	(85,135)	40,756
2,308	(7,168)	(4,860)	Other Operating Income and Expenditure	11	9,775	(155)	9,620
8,090	(7,975)	115	Financing and Investment Income and Expenditure	12	10,126	(7,206)	2,920
0	(37,553)	(37,553)	Taxation and Non-Specific Grant Income and Expenditure	13	0	(43,227)	(43,227)
		(8,998)	(Surplus) or Deficit on Provision of Services				10,069
		(65,365)	(Surplus) or Deficit on revaluation of Non Current Assets				(31,777)
		12,988	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve				11,817
		0	Surplus or deficit on revaluation of available for sale financial assets				0
		1,681	Remeasurement of the net defined benefit liability / (asset)				71
		(50,696)	Other Comprehensive Income and Expenditure				(19,889)
		(59,694)	Total Comprehensive Income and Expenditure				(9,820)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of 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 “Unusable Reserves”. The Statement shows how the movements in year of the authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following these adjustments.

2025/26	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2025 carried forward	26,326	22,739	12,763	7,475	978	70,281	467,794	538,076
Opening Balance Adjustment		781	(886)			(105)	(754)	(859)
Restated Balance at 31 March 2025 c/f	26,326	23,521	11,877	7,475	978	70,176	467,040	537,216
Movement in reserves during 2025/26								
Total Comprehensive Income and Expenditure	9,827	(19,895)	-	-	-	(10,068)	19,889	9,821
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	(7,856)	6,063	17,341	(637)	2,708	17,619	(16,332)	1,286
Increase / (Decrease) in 2025/26	1,971	(13,832)	17,341	(637)	2,708	7,551	3,556	11,108
Balance at 31 March 2026 carried forward	28,297	9,689	29,217	6,838	3,686	77,727	470,597	548,324

2024/25	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 carried forward	31,233	25,873	13,077	6,821	761	77,765	400,612	478,377
Movement in reserves during 2023/24								
Total Comprehensive Income and Expenditure	4,610	4,395	-	-	-	9,005	50,694	59,699
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	(9,517)	(7,529)	(314)	654	217	(16,489)	16,488	-
Increase / (Decrease) in 2024/25	(4,907)	(3,134)	(314)	654	217	(7,484)	67,182	59,699
Balance at 31 March 2025 carried forward	26,326	22,739	12,763	7,475	978	70,281	467,794	538,076

1. The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

Balance Sheet

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority are matched by reserves held by the authority. Reserves are reported in two categories: Usable and Unusable Reserves.

The first category of reserves are usable reserves i.e. 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. The second category of reserves is those that the authority is not able to use to provide services and includes reserves that hold unrealised gains and losses where amounts 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'.

Andrew Rollins. Head of Finance.

31 March 2025 £'000	Restated Adjustments	Restated 31 March 2025 £'000		Note	31 March 2026 £'000
			Operational Assets:		
502,739	0	502,739	Council Dwellings		543,789
9,966	0	9,966	HRA Land and Buildings		9,732
109,558	0	109,558	Other Land and Buildings		114,513
12,214	0	12,214	Vehicles, Plant, Furniture and Equipment		12,869
2,178	0	2,178	Infrastructure Assets		4,865
768	0	768	Community Assets		736
		0	Non-Operational Assets		
295	0	295	Surplus Assets		1,720
62,367	(1,076)	61,291	Assets under Construction		50,403
700,085	(1,076)	699,009	Property, Plant and Equipment	14	738,627
9,048	0	9,048	Heritage Assets	15	8,281
16,247	0	16,247	Investment Properties	16	16,167
515	0	515	Intangible Assets	18	525
1,494	0	1,494	Long Term Investments	17	1,933
68,833	217	69,050	Long Term Debtors	20	62,331
796,222	(859)	795,363	Long Term Assets		827,864
14,494	0	14,494	Short Term Investments	17	14,442
3,010	0	3,010	Assets Held for Sale	19	850
9	0	9	Inventories		19
16,059	0	16,059	Short Term Debtors	20	32,927
11,039	0	11,039	Cash and Cash Equivalents	22	13,644
44,611	0	44,611	Current Assets		61,882
(32,041)	0	(32,041)	Short Term Creditors	23	(22,453)
(1,675)	0	(1,675)	Provision Liabilities payable in less than 1 year	24	(1,561)
(33,716)	0	(33,716)	Current Liabilities		(24,014)
(881)	0	(881)	Long Term Creditors		(689)
(2,621)	0	(2,621)	Provision Liabilities payable in more than 1 year	24	(3,737)
(249,351)	0	(249,351)	Long Term Borrowing	17	(296,588)
0	0	0	Other Long Term Liabilities	17	0
(14,166)	0	(14,166)	Capital External Grants/Contributions in Advance	35	(15,545)
(2,023)	0	(2,023)	Net Pensions Liability	40	(849)
(269,042)	0	(269,042)	Long Term Liabilities		(317,408)
538,075	(859)	537,216	Net Assets		548,324
70,281	(105)	70,176	Usable Reserves	34	77,727
467,794	(754)	467,040	Unusable Reserves	25	470,597
538,075	(859)	537,216	Total Reserves		548,324

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

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 (i.e. borrowing) to the authority.

2024/25 £000		Notes	2025/26 £000
8,998	Net (Surplus) or deficit on the provision of services		(10,069)
15,702	Adjust net (surplus) or deficit on the provision of services for non cash movements		50,822
	Adjust for items included in the net (surplus) or deficit on the		-
(14,822)	provision of services that are investing and financing activities		(25,589)
9,878	Net cash flows from Operating Activities	28	15,164
(31,073)	Investing Activities	29	(49,486)
19,962	Financing Activities	30	36,927
(1,234)	Net (increase) or decrease in cash and cash equivalents		2,605
12,273	Cash and cash equivalents at the beginning of the reporting period		11,039
11,039	Cash and cash equivalents at the end of the reporting period		13,644

Notes to the Accounts

1. Accounting Policies

General Principles

The content, layout and general rules used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2020/21 issued by the Chartered Institute of Public Finance, and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

Basis of Preparation

The Statement of Accounts is prepared on a “going concern” basis. This is the assumption that the Council will continue in operational existence for the foreseeable future.

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 instruments.

Accruals of Income and Expenditure

The Council’s Accruals Policy was revised in 2018/19 and as such the following is applicable.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received in particular.

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date when supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments, and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows or determined by the contract.
- When revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet, subject to a de-minimis limit of £10k for non-system generated accruals. 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.
- Where system generated accruals are created when revenue and expenditure have been recognised, but cash has not been received, or paid a debtor or creditor for the relevant amount is recorded in the Balance Sheet, a de-minimis limit is not applicable. In a similar fashion to non-system generated accruals; 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.

Exceptions to the above rule include:

- Items paid for on an annual or periodic basis (e.g. subscriptions, insurance premiums, etc.) where the accounts still show an annual equivalent cost.
- Housing benefit payments are paid every four weeks - where a payment run spans the year end it is accounted for in the year that it is included in the Government's annual Housing Benefit Subsidy claim, so that income and expenditure are recorded in the same period.
- Expenditure items funded from grants and reserves.

It is not expected that these exceptions or the de-minimis limit will be material to the overall accounting position.

Cash and Cash Equivalents

Cash is represented by cash at bank, and on-demand deposits with financial institutions. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with an insignificant risk of change in value.

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.

Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced with the minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Council Tax and Non-Domestic Rates

The Council, as a billing authority, acts as an agent collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as a principal, collecting council tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax

and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund, is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Benefits Payable During Employment

The accounts reflect entitlements that have been earned by employees, such as salaries and wages, as a consequence of the service completed by them by 31 March each year even if the Council would never normally pay them, such as annual leave and time-off in lieu not taken at the year end. These are accrued for and shown in the net cost of services in the Comprehensive Income and Expenditure Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. Termination benefits are recognised immediately as an expense to the service in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer, or when it recognises the cost of a restructuring.

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

Post-Employment Benefits

Most employees of the Council are members of the Local Government Pension Scheme, administered by Warwickshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

The liabilities of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit credit 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 future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 6.20% (5.80% in 2024/25) at the IAS19 valuation date.

The assets of the Warwickshire County Council pension fund attributable to the Council are included in the balance sheet at their Fair Value:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

The change in the net pension's liability is analysed into the following components:

Service Cost comprising:

- 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.
- Past service cost – the increase in liabilities arising from scheme amendment, or curtailment 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.
- Net interest on the net defined liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension 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 as Other Comprehensive Income and Expenditure.

Contributions paid to the Warwickshire 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 that the General Fund Balance is charged with the amount payable by the Council 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 transfers to and from the Pension 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 based on cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the final Statement of Accounts is authorised for issue in June. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of final authorisation for issue in June are not reflected in the Statement of Accounts.

Fair Value

Fair Value Measurement

The Council measures some of its non-financial assets, such as surplus assets and investment properties, and some of its financial instruments, such as equity share holdings at Fair Value, at each reporting date. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value measurement assumes that the transaction to sell or transfer the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for an asset or liability.

The authority measures Fair Value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the Fair Value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques, that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities, for which Fair Value is measured or disclosed in the authority's financial statements are categorised within the Fair Value hierarchy as follows:

- 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 the Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the authority becomes 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 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.

For any borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial Assets are classified 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 and 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 therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

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 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.

Any gains or losses that arise on the 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 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 months' 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 within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

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

Soft Loans under Financial Instruments

Any loans made by the Council at less than market rates are called 'soft loans'. It has been determined that the few soft loans that the Council has e.g. car loans to employees or loans to private householders for disabled adaptations, require no adjustment to the accounts as they are de-minimis.

Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement as income, except where the grant or contribution has conditions that have not been satisfied. General Grants and contributions (e.g. the Revenue Support Grant) are included in the Comprehensive Income and Expenditure Statement as non-ring-fenced Government grants. Specific grants and contributions are included as income for the relevant service area.

Where a grant or contribution has conditions outstanding at the Balance Sheet date the grant is held either as a receipt in advance, if not fulfilling the conditions would result in the return of the grant, or as an earmarked reserve.

Capital grants credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund Balance in the Movement in Reserves Statement. Unapplied grant is posted to the Capital Grants Unapplied Reserve; applied grant is posted to the Capital Adjustment Account.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy, with the exceptions of amounts applied to meet administrative expenses in accordance with the CIL Regulations, will be used to fund a number of infrastructure projects to support the development of the area (these include transport, schools and digital infrastructure). Where some or all a chargeable development takes place in a parish area, 15% of the income is passed to the relevant parish/town council – the Council acts as an agent for these amounts.

CIL is received without outstanding conditions. It is, therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for Government Grants and Contributions.

Heritage Assets

Heritage assets are assets that have historical, artistic, scientific, technological, geographical or environmental qualities that are held in trust for future generations because of their cultural, environmental or historical associations and contribution to knowledge and culture. They include museum collections, historic buildings and public works of art.

Recognition and Measurement

Heritage assets are held at Fair Value. High value items are valued by an appropriately qualified person. Low value items are held at an internally agreed nominal value of £50.

Heritage assets included in the Balance Sheet are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their Fair Value at year-end but as a minimum every five years. Increases and decreases in valuations are accounted for in accordance with the Council's policies for the revaluation of Property, Plant and Equipment as set out in the Property, Plant and Equipment section of the Accounting Policies Note.

Heritage assets that are used in the on-going delivery of the Council's services, such as parks and open space are not categorised as heritage assets, but are classified as operational assets within Property, Plant and Equipment, and are accounted for in accordance with the Council's accounting policies.

Depreciation, Amortisation and Impairment

Depreciation and amortisation are not required on heritage assets that are deemed to have indeterminate lives. Depreciation is charged on heritage assets with a determinate life using a straight-line allocation basis over the useful life of the asset, as estimated by the valuer or a suitably qualified officer.

The carrying amount of an item is reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration, breakage or doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general accounting policies on impairment set out in these statements.

Disposal

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 as set out the Council's general accounting policies in these statements.

Investment Property

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Revaluation gains and losses 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.

Rental income received is 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.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the Council. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at Fair Value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services using the leased asset. Charges are made on a straight-line basis over the life of the lease.

The Council as Lessor

It has been determined that all leases where the Council is the lessor are operating leases and are accounted for as described in the following paragraph.

Operating Leases

Where the Council 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. Where identifiable, 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.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, except for:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

Prior Period Adjustments, Changes in Accounting Policy 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 applied.

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

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

For accounting purposes, the Council has the following de-minimis limits in relation to capital expenditure:

- On land and buildings - £20,000
- On vehicles, plant, or equipment - £5,000.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its Fair Value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at Fair Value. The difference between Fair Value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Community Assets (e.g. land and buildings purchased for the benefit of the community and with little or no prospect of ever being disposed of) and Infrastructure Assets (e.g. Flood Alleviation Works) and Assets Under Construction - depreciated historical cost.
- Housing Stock (Dwellings) – current value determined using the basis of existing use value for social housing (EUV-SH)
- Council Offices – current value, determined as the amount that would be paid for the asset in existing use (EUV)
- All other assets – current value determined as the amount that would be paid for the asset in its existing use (EUV)
- Surplus Assets – current value measurement base is Fair Value, estimated at highest and best use from a market participant's perspective.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets i.e. vehicles, plant and equipment have short useful lives, or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their Fair Value at year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of an impairment loss previously charged to a service.

Where decreases in value 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 and reversed out to the Capital Adjustment Account.

Impairment

Assets are assessed at each year end for 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 and reversed out to the Capital Adjustment Account.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without 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).

Depreciation is calculated on the following bases:

- Council Houses – component depreciation method,
- Other buildings – straight line allocation over the useful life of the property as estimated by the valuers.

- Vehicles, plant, furniture and equipment – straight line allocation over the useful asset life as advised by a suitably qualified officer.
- Infrastructure – straight line allocation over 40 years or as appropriate to the relevant asset.
- Community Assets – Straight line allocation over a maximum life of 100 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The policy adopted is as follows:

- Where there is more than one significant component part of the same asset with the same useful life, such component parts will be grouped together for depreciation purposes.
- A component may be an individual item or similar items with similar useful lives grouped.
- Where a component is replaced or restored, the carrying amount of the old component will be derecognised and the new component added. Where the carrying value of the derecognised/replaced component is not known a best estimate will be determined by reference to the current cost.
- Any future revaluation gains and losses will be applied across components as appropriate.

Housing Revenue Account

- Council Dwellings - Depreciation is calculated and charged in accordance with proper practices including separation of the housing stock into significant components for depreciation purposes, where the components have different useful lives to the remainder of the asset.
- Other Housing Revenue Account Assets – the approach outlined below for General Fund assets will be adopted.

General Fund

- Components of an asset will be separated where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of the asset for depreciation purposes. The Council applies a de-minimis threshold for componentisation purposes: All assets with a Current Net Book Value of less than £500,000 may not be assessed for componentisation on the grounds that the difference in depreciation will be limited.

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 at existing use value (EUV) and then carried at the lower of this amount and Fair Value i.e. market 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 previously recognised losses in the Surplus or Deficit on the 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 for depreciation, amortisation 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.

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 thus calculating the gain or loss on the disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of the £10,000 capital receipts de-minimis limit are categorised as capital receipts. Under the 'Self Financing' regime receipts relating to housing disposals are shared between the Council and Government. The Council's share of the receipt is required to be credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Council puts amounts of money aside as a provision to meet specific service payments. For these amounts to count as provisions, they need to pass three tests:

- They must be the result of a past event
- A reliable estimate can be made
- There must be a clear responsibility to make this future payment because of the past event.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council becomes aware that it is probable a payment will be required. The provision is based on the best estimate of the likely settlement at the Balance Sheet date. When payments are made, they are charged to the provision already set up in the Balance Sheet.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts when it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Council 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 and Housing Revenue

Account 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 relevant amount from the reserve is then appropriated back into the General Fund Balance and Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept in order to manage the accounting processes for non-current assets, financial instruments, retirements, and employee benefits, and do not represent usable resources for the Council.

Revenue Expenditure Funded from Capital Under Statute

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

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Apprenticeship Levy

From 1 April 2017, the Council has made payments to HMRC in relation to the national Apprenticeship Levy. The full cost of the Levy will be recognised as a direct cost of employment in the Comprehensive Income and Expenditure Statement when it is paid to HMRC. When funds are transferred from the Government's Digital Apprenticeship Account to an approved training provider a training expense up to the value of the training provided, with a corresponding entry for a government grant, will be recognised in the Comprehensive Income and Expenditure Statement against the service benefiting from the training.

Rounding

Values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

2. Accounting Standards that have been Issued but have not yet been adopted

At the Balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom.

- Amendment to **FRS 102**, Heritage assets.
- Amendment to **IFRS 7** Financial Instruments Disclosure & **IFRS 9** Financial Instruments, to the classification and Measurement of Financial Instruments.
- Amendment to **IFRS 7** Financial Instruments Disclosure & **IFRS 9** Financial Instruments, Contracts referencing Nature-Dependant Electricity.
- Annual improvements to IFRS accounting standards – Volume 11

These are not expected to have a material impact on the council's statement of accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council 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:

- All the Council's Investment Properties were revalued in 2025/26 and as such it is considered that for the purposes of IFRS13, the carrying value is equal to Fair Value under that standard. The properties were revalued using direct observation of the passing rents on similar properties within the local property market and this equates to a level 2 input according to our valuers Carter Jonas.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council 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 items in the Council'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:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment - Asset Life	Assets are depreciated by type over standardised useful lives. These lives are dependent on the individual asset condition and assumptions about the level of repairs and maintenance that will be incurred.	Were the asset valuations to differ from those included within the Statement of Accounts, the carrying amount of the assets would change as follows: 2% £13.461m 5% £33.653m 10% £67.306m Currently, the Revaluation Reserve balance is £184.399m, which would change by the amount of any respective movement in valuation.
Property, Plant and Equipment - Depreciation	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 Council will be able to sustain its current spending on capital enhancements and repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings and associated components would have increased by £1.014m in this financial year if all the useful lives had to be reduced by 1 year.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2026, the Council had a balance of arrears for Housing Rents, Council Tax, Business Rates and other sundry debtors of £20.61m. A review of the above suggested that an impairment of doubtful debts of 29.55% (£6.09m) was appropriate.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £6.09m to be set aside as an allowance.
Provisions	<p>The Council has made provisions for insurance cover in respect of outstanding liability claims from the public, employees and HRA tenants. The extent of the provisions relates to the excess on existing claims as at 31 March 2026 where such excesses have been negotiated when agreeing premiums.</p> <p>Following the introduction of the retention of business rates scheme new provisions have been created to provide for the potential successful appeals against rateable values.</p>	An increase over the forthcoming year of 10% in settlements would have the effect of adding £0.530m to the provisions needed.
Pensions Liability	<p>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.</p> <p>Warwickshire County Council utilise a firm of consulting actuaries Hymans Robertson LLP to provide all Warwickshire authorities with expert advice about the assumptions to be applied.</p>	<p>The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis.</p> <p>The actuaries model thousands of possible outcomes in order to establish the long-term estimates.</p> <p>The Council will use information from the Pensions actuary to set the employer's pension contribution rates to ensure that pension liabilities are met.</p> <p>A sensitivity analysis upon other variables affecting the net liability is set out in Note 40 Defined Benefit Pension Schemes.</p>

This list does not include assets and liabilities that are carried at Fair Value based on a recently observed market price supported by a professional valuation.

5. Events After the Reporting Period

Events taking place after the Reporting date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. The Statement of Accounts will be authorised for issue by the Head of Finance on 30 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events took place before this date, provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The Council has not identified any post Balance Sheet events as at 31 March 2026 for the Council to disclose.

6. Prior Year Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. 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.

In order to provide meaningful comparative information, the following statements have been restated

- 1) Note 14 (Plant Property & Equipment): Impairment not accounted for in 24/25 (1 Warwick Street), Correction in relation to the disposal of 2 properties in 24/25 (in Cubbington), Buybacks journal not processed in 24/25 & Reversal of prior year disposal (Community Stadium).
- 2) Note 20 (Debtors): Disabled Facility Grants incorrectly accounted for as Usable Capital Receipt and not Long-term debtor.
- 3) Note 25 (Unusable Reserves).
 - a) Unusable Reserves Summary. To update the changes below.
 - b) Capital Adjustment Account Reserve. Impairment not accounted for in 24/25 (1 Warwick Street), Disposal of 2 properties in 24/25 not processed (in Cubbington), Reversal of prior year disposal (Community Stadium) & Opening Balance Adjustments to Loans.
 - c) Revaluation Reserve. Credit for the transfer of 2 properties from AUC to AHFS was posted to the Revaluation Reserve in error, and the 24/25 disposal of these properties was not posted.
- 4) Note 34 (Usable Reserves) and Note 10 (Movement in Earmarked Reserves). Sale of Council Houses incorrectly accounted for as HRA reserve and not Usable Capital Receipts.
- 5) Balance Sheet and Group Balance Sheet. To adjust for the above adjustments
- 6) Movement in Reserves Statement (MIRS) and Group Movement in Reserves. To adjust for the above adjustments
- 7) HRA Income & Expenditure Statement. Final posting from 24/25 not included in statement.
- 8) HRA Note 1 – Housing Stock. Reconciliation between Asset register and Housing system restated opening balance and now reconciles.
- 9) HRA Note 2 – Non Current Assets & Assets held for sale. Date excluded in 24/25 but should have been included.
- 10) HRA Note 6 – Capital Receipts. Disposal of 2 properties in Cubbington as described in sections 1 and 3b above.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Portfolio:	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
2025/26	£000	£000	£000
Customer & Digital Services	1,605	92	1,697
Finance	1,307	(442)	865
Governance	915	(40)	875
Housing Services - GF	5,157	(1,852)	3,305
Housing Services - HRA	5,931	(1,187)	4,744
Neighbourhood	10,274	2,361	12,635
People and Communication	323	(53)	270
Place, Arts & Economy	7,925	3,939	11,864
Community Protection	4,080	(20)	4,060
Strategic Leadership	349	92	441
Net Costs of Services	37,867	2,889	40,756
Other Operating Income and Expenditure	14,361	(4,741)	9,620
(Surplus) or Deficit	52,228	(1,852)	50,376

	General Fund	HRA	Total
Opening Balance	(26,326)	(22,738)	(49,064)
Opening Balance Adjustment	-	(781)	(781)
Less/Plus Surplus / (Deficit)	(1,971)	13,831	11,860
Closing Balance at 31 March 2025	(28,297)	(9,688)	(37,985)

Portfolio:	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
2024/25	£000	£000	£000
Customer & Digital Services	3,357	221	3,578
Finance	1,916	(1,116)	800
Governance	1,029	(32)	997
Housing Services - GF	(3,660)	(238)	(3,898)
Housing Services - HRA	7,280	6,488	13,768
Neighbourhood	(2,816)	2,629	(187)
People and Communication	10,318	18	10,336
Place, Arts & Economy	186	3,383	3,569
Community Protection	3,001	(208)	2,793
Strategic Leadership	1,371	173	1,544
Net Costs of Services	21,982	11,318	33,300
Other Operating Income and Expenditure	(10,094)	5,234	(4,860)
(Surplus) or Deficit	11,888	16,552	28,440

	General Fund	HRA	Total
Opening Balance	(32,240)	(25,873)	(58,113)
Less/Plus Surplus / (Deficit)	5,914	3,134	9,048
Closing Balance at 31 March 2024	(26,326)	(22,739)	(49,065)

Note to the Expenditure and Funding Analysis:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts 2025/26	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pension Adjustment (Note 2) £000	Other Adjustments (Note 3) £000	Total Adjustments £000
Customer & Digital Services	(205)	112	1	(92)
Finance	175	265	2	442
Governance	(1)	38	3	40
Housing Services - GF	1,756	96	-	1,852
Housing Services - HRA	959	229	(1)	1,187
Neighbourhood	(2,466)	104	1	(2,361)
People and Communication	0	53	-	53
Place, Arts & Economy	(4,175)	233	3	(3,939)
Community Protection	(121)	139	2	20
Strategic Leadership	(150)	54	4	(92)
Net Cost Of Services	(4,227)	1,323	15	(2,889)
Other income and expenditure from the Expenditure and Funding Analysis	7,211	78	(2,548)	4,741
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	2,984	1,401	(2,533)	1,852

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts 2024/25	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pension Adjustment (Note 2) £000	Other Adjustments (Note 3) £000	Total Adjustments £000
Customer & Digital Services	(246)	28	(3)	(221)
Finance	936	183	(3)	1,116
Governance	28	9	(5)	32
Housing Services - GF	219	22	(3)	238
Housing Services - HRA	(6,558)	75	(5)	(6,488)
Neighbourhood	(2,651)	26	(4)	(2,629)
People and Communication	(29)	13	(2)	(18)
Place, Arts & Economy	(3,434)	59	(8)	(3,383)
Community Protection	179	35	(6)	208
Strategic Leadership	(186)	16	(3)	(173)
Net Cost Of Services	(11,742)	466	(42)	(11,318)
Other income and expenditure from the Expenditure and Funding Analysis	(9,072)	-	3,838	(5,234)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(20,814)	466	3,796	(16,552)

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds 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 the disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables 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 Changes for the Pensions Adjustments

Net changes for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:

- For **services** this represents the removal of the employer pension contributions made by the Council 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 Comprehensive Income and Expenditure Statement.

Other Differences

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.
- 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 receivable at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Segmental Income

Income received on a segmental basis is analysed below:

2024/25 Income from Services £000	Portfolio	2025/6 Income from Services £000
(94)	Customer & Digital Services	(147)
(542)	Finance	(375)
(1,137)	Governance	(488)
(1,075)	Housing Services - GF	(998)
(36,641)	Housing Services - HRA	(39,424)
(11,002)	Neighbourhood	(12,539)
(84)	People and Communication	(48)
(9,573)	Place, Arts & Economy	(7,529)
(1,029)	Community Protection	(2,127)
(497)	Strategic Leadership	(1,121)
(61,674)	Total income analysed on a segmental basis	(64,796)

8. Expenditure and Income Analysed by Nature

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

2024/25 £000	Expenditure / Income	2025/26 £000
	Expenditure	
26,802	Employee benefits expenses	28,646
72,500	Other services expenses	67,481
22,005	Depreciation, amortisation and impairment	37,271
7,543	Interest payments	9,870
2,308	Precepts and Levies	2,524
-	Payments to Housing Capital Receipts Pool	-
131,158	Total Expenditure	145,792
	Income	
(61,674)	Fees, charges and other service income	(64,796)
(9,823)	Gain on the disposal of assets	(1,262)
(4,864)	Interest and investment income	(5,532)
(16,369)	Income from Council Tax and Business Rates	(10,776)
(47,426)	Government grants and contributions	(53,357)
(140,156)	Total Income	(135,723)
(8,998)	Surplus or Deficit on the Provision of Services	10,069

9. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council 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 Balance 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. However, the balance is not available for funding Housing Revenue Account services.

Housing Revenue Account Balance

The Housing Revenue Account Balance contains the balance of income and expenditure as defined by the Part VI of the Local Government and Housing Act 1989 that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

Each year an amount equivalent to the depreciation charge on HRA assets is transferred into this reserve. This reserve can be used to fund capital expenditure to help maintain or improve HRA assets or repay HRA debt.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets that are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which there are no conditions, or 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.

2025/26	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income					
■ Pensions costs (transferred to (or from) the Pensions Reserve	1,030	215	-	-	-
■ Financial instruments (transferred to the Financial Instruments Adjustments Account)					
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(2,548)	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	16	(2)	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to revaluation of Financial Instruments	63	-	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,883)	(48,309)	-	-	388
■ Write down long-term debtor loan as a capital receipt					
Total Adjustments to the Revenue Account	(4,322)	(48,096)	-	-	388
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	4,176	22,980	(27,157)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-
Posting of HRA resources from Revenue to the Major Repairs Reserve	-	8,115	-	(8,115)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	4,906	10,937	-	-	-
Total Adjustments between Revenue and Capital Resources	9,082	42,032	(27,157)	(8,115)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	9,816	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	8,752	-
Application of capital grants unapplied credited to the CIES	3,096	-	-	-	(3,096)
Total Adjustments to Capital Resources	3,096	-	9,816	8,752	(3,096)
Total Adjustments	7,856	(6,063)	(17,341)	637	(2,708)

2024/25	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income					
■ Pensions costs (transferred to (or from) the Pensions Reserve	1,349	260	-	-	-
■ Financial instruments (transferred to the Financial Instruments Adjustments Account)					
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	7,854	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	(36)	(6)	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to revaluation of Financial Instruments	-	-	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,278)	(10,766)	-	-	304
■ Write down long-term debtor loan as a capital receipt					
Total Adjustments to the Revenue Account	6,889	(10,512)	-	-	304
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	-	9,626	(9,625)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-
Posting of HRA resources from Revenue to the Major Repairs Reserve	-	7,476	-	(7,476)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,107	939	-	-	-
Total Adjustments between Revenue and Capital Resources	2,107	18,041	(9,625)	(7,476)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	9,939	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	6,822	-
Application of capital grants to finance capital expenditure	521	-	-	-	(521)
Total Adjustments to Capital Resources	521	-	9,939	6,822	(521)
Total Adjustments	9,517	7,529	314	(654)	(217)

10. Movements in Earmarked Reserves

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

	Balance at 1 April 2025 £000	Restated Adjustment £000	Restated Balance at 1 April 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31 March 2026 £000
General Fund:						
Art Gallery Gift Reserve	139		139	-	1	140
Asylum Dispersal Grant Reserve	589		589	-	171	760
Building Control Reserve	427		427	-	80	506
Business Rate Retention Volatility Reserve	-		-	-	2,000	2,000
Capital Investment Reserve	1,392		1,392	(83)	-	1,309
Car Park Displacement Reserve	0		0	()	-	-
Car Parks Repairs & Maintenance Reserve	122		122	-	-	122
Cemetery Land Purchase Reserve	58		58	-	10	68
Change Programme Delivery Reserve	488		488	(45)	-	443
Climate change Reserve	489		489	(325)	134	297
Commonwealth Games Reserve	()		()	-	0	-
Community Emergency Response Fund Reserve (NEW)	2		2	(2)	-	-
Community Projects Reserve	666		666	(392)	-	274
Corporate Assets Reserve	2,436		2,436	(1,981)	784	1,239
Covent Garden Multi Storey Reserve	1,677		1,677	(1,058)	-	619
Digital By Default Reserve	17		17	(17)	-	-
Earmarked Balances Reserve	457		457	(457)	636	636
Election Expenses Reserve	105		105	(14)	89	180
EPR Extended Provider Responsibility Reserve	-		-	(226)	957	731
Energy Generation Projects Reserve	500		500	-	300	800
Enterprise Projects Reserve	88		88	-	-	88
Equipment Renewals Reserve	25		25	(40)	100	85
G M Commuted Sums Admin	44		44	(47)	435	432
G M Commuted Sums Reserve	1,481		1,481	(647)	476	1,309
General Fund Balance Reserve	2,017		2,017	(507)	-	1,510
General Fund Volatility Reserve	5,739		5,739	(4,070)	5,180	6,849
Harbury Lane Reserve	84		84	(84)	-	-
HMO Reserve	143		143	(126)	80	96
Homelessness Prevention Reserve	956		956	(107)	-	849
ICT Replacement Reserve	1,459		1,459	(430)	517	1,546
Insurance Reserve	274		274	-	-	274
Investment Volatility Reserve	100		100	-	-	100
Leisure Options Reserve	267		267	(116)	-	151
Local Plan Delivery Reserve	266		266	-	133	399
New bold Benches Reserve	6		6	-	-	6
Planning Appeal Reserve	319		319	(50)	-	270
Planning Investment Reserve	-		-	-	7	7
Public Amenity Reserve	371		371	(289)	480	563
Public Open Space Planning Gain Reserve	178		178	(43)	10	146
Revenue Grants / Contributions Received In Advance	519		519	(91)	47	474
Service Realignment Reserve	-		-	-	-	-
Services Transformation Reserve	1,156		1,156	(696)	929	1,389
Tennis Maintenance Reserve	26		26	(12)	-	14
Tourism Reserve	27		27	(27)	-	-
Trees for the future/Biodiversity Reserves	978		978	(20)	433	1,391
Ukrainian resettlement reserve	28		28	-	-	28
Working for Warwick Reserve	210		210	(15)	-	196
TOTAL GENERAL FUND	26,326	-	26,326	(12,018)	13,989	28,297
HRA:						
Housing Revenue Balance Reserve	1,500		1,500	-	-	1,500
HRA Capital Investment Reserve	21,586		21,586	(13,924)	-	7,662
HRA Early Retirements Reserve	21		21	-	-	21
HRA Earmarked Reserves	-		-	-	-	-
Lifeline funding reserve	68		68	-	92	160
HRA Rev Grants/Contribs in Advance Reserve	10		10	-	-	10
HRA Rough Sleeping Initiative	334		334	-	-	334
Sale of Council Houses	(781)	781	-	-	-	-
TOTAL HRA	22,738	781	23,520	(13,924)	92	9,688
TOTAL EARMARKED RESERVES	49,064	781	49,846	(25,942)	14,081	37,985

Some of the significant earmarked reserves, and their purpose are listed below

Business Rates Volatility Reserve: Used to provide finance for 'smoothing out' future retained Business Rate revenues.

Corporate Assets Reserve: Used to finance improvements and also major repairs and maintenance to the Council's General Fund property assets.

Community Projects Reserve: This reserve provides finance for various District-wide community projects.

Earmarked Balances Reserve: This reserve contains unspent budgets relating to specific items which require to be transferred from 2025/26 to 2026/27 due to unavoidable delays etc.

Capital Investment Reserve: Used to provide finance for the Council's General Fund capital programme not met by other resources e.g. borrowing, capital receipts, revenue contributions, external contributions and other reserves.

HRA Capital Investment Reserve: Used to finance significant council housing projects, including building or acquiring new council homes.

11. Other Operating Income and Expenditure

Gross Expenditure 2024/25 £000	Gross Income 2024/25 £000	Net Expenditure 2024/25 £000		Gross Expenditure 2025/26 £000	Gross Income 2025/26 £000	Net Expenditure 2025/26 £000
2,308	0	2,308	Parish Council Precepts	2,524	0	2,524
0	0	0	Payments to Government Housing Capital Receipts Pool	0	0	0
0	(7,168)	(7,168)	Gain or Loss on the disposal of non-current assets	7,251	(155)	7,096
2,308	(7,168)	(4,860)	Total	9,775	(155)	9,620

12. Financing and Investment Income and Expenditure

Gross Expenditure 2024/25 £000	Gross Income 2024/25 £000	Net Expenditure 2024/25 £000		Gross Expenditure 2025/26 £000	Gross Income 2025/26 £000	Net Expenditure 2025/26 £000
7,543	-	7,543	Interest Payable and similar charges	9,870	(863)	9,007
-	(1,144)	(1,144)	Pensions Interest Cost	78	-	78
-	(4,865)	(4,865)	Interest Receivable and similar income	-	(4,670)	(4,670)
547	(1,748)	(1,201)	Income and expenditure in relation to investment properties and changes in their fair value	178	(1,394)	(1,216)
-	(218)	(218)	Reversal of IFRS16 Lease Rental Payments	-	(216)	(216)
-	-	-	Reversal of Available for sale financial instruments	-	(63)	(63)
8,090	(7,975)	115		10,126	(7,206)	2,920

13. Taxation and Non-Specific Grant Income and Expenditure

Gross Income 2024/25 £000		Gross Income 2025/26 £000
(12,882)	Council Tax income	(13,457)
(10,738)	Non-ringfenced Government Grants	(10,366)
(4,784)	Non-domestic rates income and expenditure	(5,971)
(9,149)	Capital Grants and Contributions	(13,433)
(37,553)		(43,227)

14. Property, Plant and Equipment

Movements on Balances								
Movement on Balances	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Movements in 2025/26								
£000								
Cost or Valuation								
At 1 April 2025	502,739	120,630	18,361	-	774	162	62,367	705,033
Opening Balance Adjustment	-	-	-	-	-	-	(1,076)	(1,076)
Restated Opening Balance	502,739	120,630	18,361	-	774	162	61,291	703,957
Additions	13,595	5,645	1,918	2,690	-	-	55,602	79,450
Revaluation increases / (decreases) recognised in the Revaluation Reserve	42,644	2,852	-	-	(10)	(223)	-	45,263
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(50,689)	(15)	-	-	-	-	-	(50,704)
Derecognition - disposals	(4,793)	(826)	-	-	-	-	(25,977)	(31,596)
Assets reclassified (to) / from Other Accounts	40,398	(1,533)	-	-	-	1,648	(40,513)	-
Other movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2026	543,894	126,753	20,279	-	764	1,587	50,403	743,680
Accumulated Depreciation and Impairment								
At 1 April 2025	-	(1,105)	(6,147)	-	(6)	133	-	(7,125)
Depreciation charge for year	(7,061)	(4,718)	(1,263)	(3)	(26)	(20)	-	(13,091)
Depreciation written out to the Revaluation Reserve	7,058	3,315	-	-	4	20	-	10,397
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(102)	-	-	-	-	-	-	(102)
Depreciation written out on disposal	-	-	-	-	-	-	-	-
At 31 March 2026	(105)	(2,508)	(7,410)	-	(28)	133	-	(9,918)
Net Book Value								
31 March 2026	543,789	124,245	12,869	-	736	1,720	50,403	733,762
31 March 2025	502,738	119,525	12,214	-	768	295	61,291	696,831

Movements on Balances								
Movement on Balances								
Movements in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
£000								
Cost or Valuation								
At 1 April 2024	450,097	94,947	16,764	-	941	2,742	50,730	616,221
Opening Balance Adjustment	12,667	748	110					13,525
Additions	12,988	1,973	1,747	509	-	-	40,767	57,984
Revaluation increases / (decreases) recognised in the Revaluation Reserve	10,316	22,979	-	-	(167)	(2,580)	-	30,548
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(10,001)	(17)	-	-	-	-	-	(10,018)
Derecognition - disposals	(2,458)	-	(260)	-	-	-	-	(2,718)
Assets reclassified (to) / from Other Accounts	29,130	-	-	-	-	-	(29,130)	-
Other movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2025	502,739	120,630	18,361	509	774	162	62,367	705,542
Accumulated Depreciation and Impairment								
At 1 April 2024	-	(950)	(4,977)	-	(26)	110	-	(5,843)
Depreciation charge for year	(6,371)	(4,361)	(1,379)	(3)	(30)	(31)	-	(12,175)
Depreciation written out to the Revaluation Reserve	6,371	4,052	-	-	50	54	-	10,527
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Depreciation written out on disposal	-	153	209	-	-	-	-	363
Derecognition - other	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2025	-	(1,105)	(6,147)	-	(6)	133	-	(7,128)
31 March 2025	502,739	119,525	12,214		768	295	62,367	697,908
31 March 2024	450,097	93,997	11,787		915	2,852	50,730	610,378

Depreciation

The following useful lives have been used in the depreciation calculations:

- Council houses – component depreciation – up to 75 years
- Other land and buildings - 5 to 80 years
- Vehicles, plant, furniture and equipment - 3 to 25 years
- Infrastructure - 40 years
- Community Assets – up to 100 years

Capital Commitments and Planned Works 2024/25

As at 31 March 2026, the Council has entered a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years.

The major contractual commitments at 31 March 2026 are:

General Fund	£000
None	-
Housing Investment Programme	£000
Purchase of land and properties	29,943

Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment that is required to be measured at current value is revalued at least every five years to ensure that carrying value does not differ significantly from that of the current value at the end of the reporting period.

Non-operational Surplus Property assets are measured at Fair Value in accordance with IFRS13, and analysed by Fair Value hierarchy as per the below table:

As at 31 March 2026	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1- quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	1,720	306	1,414	Direct observation of transactions involving similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	1,720	306	1,414	

As at 31 March 2025	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1- quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	295	215	80	Direct observation of transactions involving similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	295	215	80	

All property valuations were undertaken by Carter Jonas LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

General Fund property 'Fair Values' in the Balance Sheet are based on 31 March 2026 valuations, following a full revaluation during the year. Housing Revenue Account property values are based on 31 March 2026 valuations.

The table below analyses all property, plant and equipment by valuation date: 31 March 2026

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	534	12,381	737	-	47,051	60,703
Valued at fair value as at:							
- 2025/26	543,369	100,333	-	-	1,720	-	645,421
- 2024/25	420	22,218	-	-	-	-	22,639
- 2023/24	-	25	489	-	-	3,353	3,867
- 2022/23	-	1,137	-	-	-	-	1,137
- 2021/22	-	-	-	-	-	-	-
- 2020/21	-	-	-	-	-	-	-
- 2019/20	-	-	-	-	-	-	-
Total Cost or Valuation	543,789	124,247	12,870	737	1,720	50,404	733,767

15. Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and culture. They are a distinct class of asset which is reported separately from property, plant, and equipment.

The Leamington Spa Art Gallery & Museum at the Royal Pump Rooms has a collection of over 14,000 objects. The heritage assets held by the Council have been categorised as follows:

- Decorative Arts Collection
- Visual Arts Collections
- Other Heritage Assets

Decorative Arts & Visual Arts Collections

Most of the Council's collections of Decorative Arts (ceramics, porcelain, glass and other artefacts of a similar nature) and Visual Arts (paintings and drawings) were revalued by Tim Ritchie & Associates in June 2025. Those items not externally valued due to their low intrinsic worth were assigned an internal nominal value of £50. The policy is to revalue the collections every five years with the next valuation due in February 2030.

Other

This comprises the remainder of the Art Gallery and Museum's collections (Archaeology, Ethnography, Numismatics, Pictorial and Social History) and the Abbey Fields Barn. In the case of the Art Gallery and Museum's collections some articles were valued externally as part of the June 2025 revaluation exercise referred to above, but the vast majority have been given nominal values of £50 each by the Art Gallery and Museum staff. During 2025/26, items amounting to £950 have been added to the Social History collection, all of which were of low intrinsic value and also additions for Fine Art of £500.

The Abbey Fields Barn was last valued by Carter Jonas on 31 March 2025 at £0.17m on a depreciated replacement cost basis.

The Council policy on acquisitions, disposals, preservation and management are set out in the published Collections Development Policy, which is reviewed every five years. This is a requirement of the national accreditation scheme for museums that is managed by Arts Council England. A copy of this policy is available on the Council's website.

Details of items in the collections can be found online at Windows on Warwickshire and Art UK, or by contacting the curators.

A reconciliation of the Carrying Value of Heritage Assets held by the Authority is shown below:

Cost or Valuation	Decorative Arts Collection £000	Visual Arts Collection £000	Other £000	Total £000
At 1 April 2025	319	7,787	942	9,048
Opening Balance Adjustment		-		-
Additions	-	-	193	193
Revaluation	(150)	(804)	-	(954)
Other Movements in Cost or Valuation	-	-	-	-
Derecognition - Disposals	-	-	-	-
Depreciation	-	-	(6)	(6)
At 31 March 2026	169	6,983	1,129	8,281
At 1 April 2024	319	7,691	1,032	9,042
Additions		96	1	97
Other Additions	-	-	-	-
Other Movements in Cost or Valuation	-	-	(94)	(94)
Derecognition - Disposals	-	-	-	-
Depreciation	-	-	3	3
At 31 March 2025	319	7,787	942	9,048

A summary of Heritage Assets transactions is shown below:

2024/25 £000		2025/26 £000
	Cost of Acquisitions of Heritage Assets	
	Purchases	
-	Decorative Arts	-
38	Visual Arts	1
-	Social History	-
	Donations	
-	Decorative Arts	-
58	Visual Arts	-
-	Social History etc.	1
97	Total Cost of Acquisitions	2
	Revaluation of Heritage Assets	
-	Decorative Arts	(150)
-	Visual Arts	(803)
(94)	Social History etc.	-
(94)	Total Revaluations	(953)
	Disposals of Heritage Assets	
-	Social History etc.	-
-	Carrying Value	-
-	Proceeds	-

16. Investment Properties

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

2024/25 £000		2025/26 £000
	971 Rental income from investment property	882
	(610) Direct operating expenses arising from investment property	(283)
361	Net gain / (loss)	599

The following table summarises the movement in the Fair Value of investment properties over the year:

2024/25 £000		2025/26 £000
15,501	Balance at start of the year	16,247
	- Disposals	(19)
746	Net gains / (losses) from fair value adjustments	874
	Transfers:	
	- - To / from Property, Plant and Equipment	(935)
16,247	Balance at end of year	16,167

All the Council's Investment Properties are revalued annually by Carter Jonas LLP.

Fair Value Hierarchy

Details of the Council's investment properties and information about the Fair Value hierarchy as at 31 March 2025 and 2026 are as follows:

As at 31 March 2026	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1 - quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	16,167	6,082	10,085	Direct observation of the passing rents on similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	16,167	6,082	10,085	

As at 31 March 2025	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1 - quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	16,247	5,926	10,321	Direct observation of the passing rents on similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	16,247	5,926	10,321	

There has been no change in the valuation techniques used during the year for investment properties.

17. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Non Current Investments 31 March 2025 £000	Non Current Debtors 31 March 2025 £000	Current Investments 31 March 2025 £000	Current Debtors 31 March 2025 £000	TOTAL 31 March 2025 £000	Financial Assets	Non Current Investments 31 March 2026 £000	Non Current Debtors 31 March 2026 £000	Current Investments 31 March 2026 £000	Current Debtors 31 March 2026 £000	TOTAL 31 March 2026 £000
1,494	-	10,554	-	12,047	Fair value through profit and loss	1,933	-	13,167	-	15,100
-	68,833	14,636	14,096	97,565	Amortised cost	-	62,165	14,590	14,318	91,073
1,494	68,833	25,190	14,096	109,612	Total	1,933	62,165	27,757	14,318	106,173

Non Current Borrowing 31 March 2025 £000	Non Current Creditor 31 March 2025 £000	Current Borrowing 31 March 2025 £000	Current Creditor 31 March 2025 £000	TOTAL 31 March 2025 £000	Financial Liabilities	Non Current Borrowing 31 March 2026 £000	Non Current Creditor 31 March 2026 £000	Current Borrowing 31 March 2026 £000	Current Creditor 31 March 2026 £000	TOTAL 31 March 2026 £000
(249,351)	(916)	-	(32,041)	(282,308)	Amortised cost	(296,588)	(689)	-	(22,453)	(319,730)
(249,351)	(916)	0	(32,041)	(282,308)	Total	(296,588)	(689)	0	(22,453)	(319,730)

Financial Instruments Designated at Fair Value Through Profit or Loss

The Council has no financial liabilities designated as Fair Value Through Profit and Loss, but the table below lists the Council's financial assets designated as Fair Value Through Profit and Loss at 31 March 2026, together with the maximum exposure and potential change in Fair Value associated with the credit risk relevant to the particular asset. No derivatives have been used to mitigate any potential losses through credit risk.

FINANCIAL INSTRUMENTS THROUGH PROFIT AND LOSS						
Asset	Rating	Exposure at 31 March 2026 £000	Maximum Exposure £000	Credit Default Risk £000	Maximum potential change in fair value through credit risk £000	
Federated Money LVNAV Market Fund	AAAm / Aaa-mf / AAAmmf	1,812	10,000	0.03%	3	
Federated Cash Plus VNAV Account	AAAf S1 / Aaa-bf / AAA/V1	-	6,000	0.03%	2	
Deutsche Global LVNAV MMF	AAAm / Aaa-mf / AAAmmf	29	10,000	0.03%	3	
Aberdeen/Standard Life (Ignis) LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	4,638	10,000	0.03%	3	
Goldman Sachs LVNAV/Money Market Fund	AAAm / Aaa-mf / AAAmmf	25	10,000	0.03%	3	
Royal London Cash Plus VNAV Money Market Fund	AAAf S1 / Aaa-bf / AAA/V1	1,437	6,000	0.03%	2	
Invesco LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	5,050	10,000	0.03%	3	
HSBC Liquidity Fund Including ESG	AAAm / Aaa-mf / AAAmmf	176	10,000	0.03%	3	
Royal London Equity Income Fund	Low Risk	-	-	N/A	-	
Threadneedle Equity Income Fund	Low Risk	-	-	N/A	-	
Total		13,167	72,000		22	

The above disclosures have been prepared using a variety of sources including credit ratings and historic default rates supplies through MUFGE, the Council's Treasury Management Advisors.

Income, Expense, Gains and Losses

31 March 2025 Surplus or Deficit on the Provision of Services £000	31 March 2025 Other Comprehensive Income and Expenditure £000		31 March 2026 Surplus or Deficit on the Provision of Services £000	31 March 2026 Other Comprehensive Income and Expenditure £000
		Net gains / (losses) on:		
-	-	Financial assets at fair value through profit and loss	-	-
-	-	Total net gains or (losses)	-	-
		Interest revenue:		
4,865	-	Financial assets measured at amortised cost	4,365	-
-	-	Other financial assets measured at fair value through profit or loss	-	-
4,865	-	Total interest revenue	4,365	-
		Interest expense		
		Fee expense:		
(7,547)	-	Financial assets or financial liabilities that are not at fair value through profit or loss	(9,007)	-
(7,547)	-	Total fee expense	(9,007)	-

Fair Values of Assets and Liabilities

Most of the Council's financial assets and all its financial liabilities are carried in the Balance Sheet at amortised cost. Their Fair Value can be assessed by calculating the present value of the cash flows that take place over the remaining term of the instruments using the following assumptions:

- For investments the prevailing benchmark market rates have been used to provide Fair Value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to Fair Value
- The Fair Value of debtors and creditors is taken to be the invoiced or billed amount.

Some of the Council's financial assets are measured at Fair Value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

31 March 2025 £000	Financial Assets - Fair Value through Profit and Loss	Input Level in Fair Value Hierarchy	Valuation Techniques Used to Measure Fair Value	31 March 2026 £000
-	Corporate Equity Funds	2	Funds are not priced or traded on an exchange but priced by fund managers using underlying assets prices	-
10,554	Money Market Funds	2	Funds are not priced or traded on an exchange but priced by fund managers using underlying assets prices	13,167
-	Certificates of Deposit, Bonds, etc.	1	Based on "mid-price" basis where there is an active market for the actual instrument	-
10,554	Total			13,167

Current investments of £27.757m are made up of £13.167m of money market funds, as shown in the table above, and £14.590m simple deposits at amortised cost.

The Council took out £136.157m in PWLB fixed interest rate long term loans with varying maturities of between 41 and 50 years on the 28 March 2012, to fulfil its obligations under the new HRA self-financing regime.

£12m was taken in 2019/20 for General Fund purposes with a maturity to 28 August 2059, £60m was borrowed during 2021/22 for back-to-back loans to a Housing Joint Venture (JV), with periods between 1.5 and 5.5 years, £35m was borrowed during 2023/24 (£1m for the Milverton Homes and £34m for HRA housing development capital projects) and £21.2m was borrowed in 2024/25 (£2.2m for Milverton Homes and £19m for HRA housing development capital projects). £10m of the £60m borrowed for the JV in 2021/22 was repaid in 2024/25, in addition to £5m repaid in 23/24.

In 2025/26 a total of £62.2m was borrowed from the PWLB, with £54m being for HRA development projects, and £8.2m for Milverton Homes. In the year, the JV repaid £15m, leaving a net balance of £30m on the JV loans at 31 March 2026.

Although PWLB non-current loans are carried in the balance sheet at amortised cost, the Council is required to disclose the Fair Value of these loans. This requires a calculation of the net present value of the cash flows that are scheduled to take place over the remaining life of each loan. The Fair Value of these loans will be different to the amortised cost if prevailing interest rates differ from those applicable to the loans when taken out.

The introduction of IFRS 13 requires that the Fair Value should be calculated using two different interest rates - the PWLB redemption rate and the PWLB certainty rate. The Council's Treasury Management consultants, MUFUG, has calculated the required Fair Value of these PWLB loans at 31 March 2026 using the PWLB redemption rate and these are £233.360m. The difference between this figure and the £296.588m carried in the balance sheet represents the discounts that would be received for early redemption of the loans as the current interest rates are above those in force when the borrowing took place between March 2012 and March 2026. However, the Council has a continuing ability to borrow from the PWLB at its certainty rate and on this basis the Fair Value of the £296.588m is £233.360m including net potential discounts of £64.416m, less accrued interest of £1.187m. As the Council has a net borrowing requirement to finance capital expenditure there is no opportunity to realise this potential discount, as alternative borrowing costs would offset the benefits. IFRS 13 requires disclosure of the valuation method by which the Fair Value is arrived at. There are three levels of inputs and in this instance MUFUG has adopted a Level 2 input basis i.e. 'inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly'.

Except for the financial assets carries at Fair Value described in the table on the previous page, all other financial assets and liabilities held by the Council are carried in the Balance Sheet at amortised cost.

The Fair Values are calculated as follows:

31 March 2024 Carrying amount £000	31 March 2024 Fair value £000	Financial Assets	31 March 2025 Carrying amount £000	31 March 2025 Fair value £000
14,260	14,260	Short-term investments	14,636	14,636
-	-	Long-term investments	-	-
15,078	15,078	Short-term debtors	14,096	14,096
76,717	76,717	Long-term debtor	68,833	68,833
106,055	106,055	Total Financial Assets	97,565	97,565

31 March 2024 Carrying amount £000	31 March 2024 Fair value £000	Financial Liabilities	31 March 2025 Carrying amount £000	31 March 2025 Fair value £000
(238,157)	(190,935)	PWLB debt	(249,351)	(190,879)
(18,364)	(18,364)	Short-term creditors	(32,041)	(32,041)
(153)	(153)	Long-term creditors	(916)	(916)
-	-	Short-term finance lease liability	-	-
-	-	Long-term finance lease liability	-	-
(256,674)	(209,452)	Total Financial Liabilities	(282,308)	(223,836)

18. Intangible Assets

The balance of the Council's Intangible Assets is as follows:

2024/25 £000		2025/26 £000
1,359	Gross carrying amounts	1,587
(1,018)	Accumulated amortisation	(1,072)
341	Net carrying amount at start of year	515
228	Additions	75
	Other disposals	
(54)	Amortisation for the period	(65)
	Other changes	
515	Net carrying amount at end of year	525
1,587	Gross carrying amounts	1,662
(1,072)	Accumulated amortisation	(1,137)
515	Total	525

19. 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. There is one asset held for sale as at 31 March 2026.

2024/25 £000		2025/26 £000
-	Balance outstanding at start of year	3,010
	Assets newly classified as held for sale:	
3,010	- Property, Plant and Equipment	-
-	- Revaluation gains	564
	Assets declassified as held for sale:	
-	- Property, Plant and Equipment	(2,724)
3,010	Balance outstanding at year-end	850

20. Debtors

Debtors are amounts due to the Council:

31 March 2025 £000	Restated Adjustments	Restated 31 March 2025 £'000		31 March 2026 £000
10,000		10,000	Trade receivables	20,173
251		251	Prepayments	360
			- Other receivable amounts :-	
352		352	External funding	1,497
1,728		1,728	VAT	2,256
3,685		3,685	Business Rates/Council Tax etc	8,561
42		42	Investments	80
16,059	-	16,059	Total Short Term Debtors	32,927
45,000		45,000	Loans to housing joint venture	30,000
41		41	Deferred capital receipts	-
23,792	217	24,009	Other capital loans	32,331
68,833	217	69,050	Total Long Term Debtors	62,331
84,891	217	85,108	Total Debtors	95,258

21. Debtors for Local Taxation

The past due but not impaired amount for Local Taxation (Council Tax & non-domestic Rates) can be analysed by age as follows:

31 March 2025 £000		31 March 2026 £000
4,757	Less than three months	5,510
1,434	Three to six months	1,854
2,143	Six months to one year	2,431
1,400	More than one year	1,658
9,734	Total Debtors	11,452

22. Cash and Cash Equivalents

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

31 March 2025 £000		31 March 2026 £000
30	Cash held by the Council	3
312	Bank current accounts	325
10,697	Money Market deposits	13,316
11,039	Total Cash and Cash Equivalents	13,644

23. Creditors

Creditors are amounts owed to others by the Council:

31 March 2025 £000		31 March 2026 £000
(9,831)	Trade payables	(9,813)
	Other payable amounts :-	
(9,737)	External Funding	(5,007)
(11,895)	Business Rates, Council Tax etc	(6,461)
(578)	Investments	(1,171)
(32,041)	Total Creditors	(22,453)

24. Provisions

Provisional Liabilities Payable in More Than One Year	Business Rates Appeals £000	Insurances General Fund £000	Insurances HRA £000	Total £000
Balance at 1 April 2025	1,973	445	203	2,621
Additional provisions made in 2025/26	-	13	85	98
Amounts used in 2025/26	-	(51)	-	(51)
Amounts payable < 1 year transferred to short term provision	1,069	-	-	1,069
Balance at 31 March 2026	3,042	407	288	3,737

Provisional Liabilities Payable in Less Than One Year	Business Rates Appeals £000	Insurances General Fund £000	Insurances HRA £000	Total £000
Balance at 1 April 2025	1,615	37	23	1,675
Additional/reduced provisions made in 2025/26	951	10	38	999
Amounts used in 2025/26	-	-	(45)	(45)
Amounts payable < 1 year transferred from long term provision	(1,068)	-	-	(1,068)
Balance at 31 March 2026	1,498	47	16	1,561

Business Rates Appeals

Many companies employ specialists to try to have their business rates reduced. The claims are submitted to the Valuation Office and can take several years to be agreed. If the claims are approved refunds covering several years can result. Such payments can be substantial. The Council employs a specialist company to access the likelihood of successful claims.

Insurances

The potential for insurance claims is assessed annually by the Insurance Officer and the provisions are adjusted accordingly. A separate provision is maintained for the General Fund and the Housing Revenue Account.

25. Unusable Reserves

31 March 2025 £'000	Restated Adjustments	Restated 31 March 2025 £'000		31 March 2026 £'000
170,092	529	170,621	Revaluation Reserve	184,400
788		788	Deferred Capital Receipts Reserve	788
0		0	Financial Instruments Revaluation Reserve	0
297,260	(1,283)	295,977	Capital Adjustment Account	287,050
(10)		(10)	Financial Instruments Adjustment Account	53
(2,023)		(2,023)	Pensions Reserve	(849)
1,900		1,900	Collection Fund Adjustment Account	(647)
(213)		(213)	Accumulated Absences Account	(198)
467,794	(754)	467,040	TOTAL UNUSABLE RESERVES	470,597

1. The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property. The balance is reduced when assets with accumulated gains are:

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

2024/25 £000	Restated Adjustments	Restated 2024/25 £000		2025/26 £000
121,709		121,709	Balance at 1 April	170,621
65,363	529	65,892	Upward revaluation of assets	31,777
(12,989)		(12,989)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(11,817)
52,374	529	52,903	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	19,960
-	-	-	- Recognition of Heritage Assets on Donation	-
(3,286)		(3,286)	Difference between fair value depreciation and historical cost depreciation	(4,737)
(705)		(705)	Accumulated gains on assets sold or scrapped	(1,444)
(3,991)	-	(3,991)	Amount written off to the Capital Adjustment Account	(6,181)
170,092	529	170,621	Balance at 31 March	184,400

1. The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments

Deferred Capital Receipts Reserve

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

2024/25 £000		2025/26 £000
788	Balance at 1 April	788
-	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Account	-
788	Balance at 31 March	788

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at Fair Value through profit and loss. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains lost
- Disposed of and the gains realised.

2023/24 £000		2024/25 £000
-	Balance at 1 April	-
-	Upward revaluation of investments	-
-	Downward revaluation of investments	-
-	Change in impairment loss allowances	-
-	Balance at 31 March	-

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 contains accumulated gains and losses on Investment Properties and Assets Held for Sale and in the case of Heritage Assets the gains on initial recognition of donated Heritage Assets with no outstanding conditions.

Note 7 provides the details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024/25 £000	Restated Adjustments	Restated 2024/25 £000		2025/26 £000
286,202		286,202	Balance at 1 April	295,977
			- Opening Balance Adjustment	
			Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(12,165)	(1,402)	(13,567)	- Charges for depreciation and impairment of non-current assets	(13,116)
(5,368)		(5,368)	- Revaluation losses on Assets Held For Sale and reversal of previous revaluation impairments	(14,576)
(55)		(55)	- Amortisation of intangible assets	(65)
(3,673)		(3,673)	- Revenue expenditure funded from capital under statute	(648)
(2,651)	(203)	(2,854)	- Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(34,253)
			- Write down long-term debtor loan as a capital receipt	
(23,912)	(1,605)	(25,517)		(62,658)
705		705	Accumulated gains on assets sold or scrapped	1,444
3,286		3,286	Difference between fair value depreciation and historical cost depreciation	4,737
(19,921)	(1,605)	(21,526)	Net written out amount of the cost of non-current assets consumed in the year	(56,477)
			Capital Financing applied in the year:	
9,939		9,939	- Use of the Capital Receipts Reserve to finance new capital expenditure	9,816
6,822		6,822	- Use of the Major Repairs Reserve to finance new capital expenditure	8,752
8,676	322	8,998	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	10,336
304		304	- Application of grants to capital financing from the Capital Grants Unapplied Account	388
			- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	
3,047		3,047	- Capital expenditure charged against the General Fund and HRA balances	15,843
28,788	322	29,110		45,135
1,445		1,445	Minimum Revenue Provision	1,541
746		746	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	874
-		-	Removal of initial recognition of Donated Assets credited to the Comprehensive Income and Expenditure Statement	-
297,260	(1,283)	295,977	Balance at 31 March	287,050

1. The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2024/25 £000	2025/26 £000
(11) Balance at 1 April	(10)
- Upward revaluation of financial instruments	63
- Downward revaluation of financial instruments	-
1 Deferral of premiums from refinancing of debt	-
- Change in impairment loss allowances	-
(10) Balance at 31 March	53

Pensions Reserve

The Pension Reserve absorbs timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

2024/25 £000	2025/26 £000
(1,951) Balance at 1 April	(2,023)
22,372 Remeasurements of the net defined benefit liability	(1,660)
(2,229) Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,021)
3,838 Employer's pensions contributions and direct payments to pensions payable in the year	4,266
(24,053) Impact of Asset Ceiling	1,589
(2,023) Balance at 31 March	(849)

Collection Fund Adjustment Account

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

Council Tax 2024/25 £000	NNDR 2024/25 £000	Total £000		Council Tax 2025/26 £000	NNDR 2025/26 £000	Total £000
(52)	(5,901)	(5,953)	Balance at 1 April	70	1,830	1,900
122	7,731	7,853	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(271)	(2,276)	(2,547)
70	1,830	1,900	Balance at 31 March	(201)	(446)	(647)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from this account.

2024/25 £000		2025/26 £000	2025/26 £000
(172)	Balance at 1 April		(213)
172	Settlement or cancellation of accrual made at the end of the preceding year	213	
(213)	Amounts accrued at the end of the current year	(198)	
(41)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		15
(213)	Balance at 31 March		(198)

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2024/25 £000		2025/26 £000
5,323	Interest received	7,983
(8,090)	Interest paid	(10,126)
-	Interest element of finance lease payments	-
(2,767)		(2,143)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2024/25 £000		2025/26 £000
12,165	Depreciation	13,116
5,368	Impairment & revaluations in consolidated income and expenditure	14,576
55	Amortisation of intangible assets	65
728	(Increase) / decrease in creditors	(191)
(4,553)	Increase / (decrease) in debtors	(11,106)
-	(Increase) / decrease in impairment for bad debt	(879)
11	Increase / (decrease) in inventories	(10)
(1,609)	Movement in pension liability	(1,245)
2,651	Carrying amount of non-current assets, assets held for sale, sold or derecognised	34,253
886	Other non-cash items charged to the net surplus or deficit on the provision of services	2,243
15,702	Adjust net (surplus)/deficit on the provision of services for non-cash movements	50,822

The (surplus) or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2024/25 £000		2025/26 £000
4,000	Investment Gains / (Losses)	15,000
(9,625)	Proceeds from the sale of PPE, investment properties and intangible assets	(27,157)
(9,197)	Any other items for which the cash effects are investing or financing cash flows	(13,432)
(14,822)	Adjust net (surplus)/deficit on the provision of services that are investing and financing activities	(25,589)

27. Cash Flow Statement – Investing Activities

2024/25 £000		2025/26 £000
(57,932)	Purchase of property, plant and equipment, investment property and intangible assets	(78,660)
(8)	Purchase of short-term and long-term investments	(14,783)
196	Other payments for investing activities	(13,010)
9,625	Proceeds from sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	27,157
-	Proceeds from the sale of short-term and long-term investments	-
17,045	Other receipts from investing activities	29,811
(31,073)	Net cash flows from investing activities	(49,486)

28. Cash Flow Statement – Financing Activities

2024/25 £000		2025/26 £000
21,194	Cash receipts of short- and long-term borrowing	62,237
-	Other receipts from financing activities	-
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases	-
(10,000)	Repayments of short- and long-term borrowing	(15,000)
8,768	Other payments for financing activities	(10,310)
19,962	Net cash flows from financing activities	36,927

29. Reconciliation of Liabilities Arising from Financing Activities

			Non-cash changes		31/03/2026 £000
	01/04/2025 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	
Long-term borrowings	(249,351)	(47,237)	-	-	(296,588)
Short-term borrowings	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Total liabilities from financing activities	(249,351)	(47,237)	-	-	(296,588)

30. Members' Allowances

In England, the Local Authorities (Members Allowances) (England) Regulations 2003, provide for the circumstances in which allowances are payable to members and the maximum amounts payable in respect of certain allowances.

2024/25 £000	Allowances	2025/26 £000
284	Basic	292
120	Special Responsibility	123
14	Chair and Vice Chair Allowances	11
1	Co-Optees	1
-	- Other Allowances (Travel, Subsistence, etc.)	1
419	Total	428

31. Officers' Remuneration

The remuneration paid to the Council's senior employees as defined by the Accounts and Audit Regulations 2015 is as follows:

Post Title		Salary including Fees and Allowances	Pension Contribution	Total Remuneration including Pension Contribution
		£	£	£
Chief Executive	2025/26	146,257	28,060	174,317
	2024/25	140,400	27,755	168,155
Deputy Chief Executive	2025/26	113,146	22,745	135,891
	2024/25	109,705	22,039	131,744
Head of Finance	2025/26	99,910	20,106	120,016
	2024/25	96,769	19,403	116,172
Strategic Director	2025/26	94,894	17,534	112,428
	2024/25	97,476	19,690	117,166

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2024/25 Number of Employees Total	2024/25 Number of Employees Left in Year	Remuneration Band	2025/26 Number of Employees Total	2025/26 Number of Employees Left in Year
27	1	£50,000 - £54,999	34	2
10	1	£55,000 - £59,999	20	-
7	-	£60,000 - £64,999	13	1
1	-	£65,000 - £69,999	-	-
-	-	£70,000 - £74,999	1	-
5	-	£75,000 - £79,999	2	1
1	-	£80,000 - £84,999	3	-
-	-	£85,000 - £89,999	-	-
-	-	£90,000 - £94,999	1	-
-	-	£95,000 - £99,999	-	-

32. Termination Benefits

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the following table:

Number of compulsory redundancies 2024/25	Number of other departures agreed 2024/25	Total number of exit packages by cost band 2024/25	Total cost of exit packages in each band 2024/25 £	Exit package cost bands (including special payments)	Number of compulsory redundancies 2025/26	Number of other departures agreed 2025/26	Total number of exit packages by cost band 2025/26	Total cost of exit packages in each band 2025/26 £
2	2	4	40,892	£0 - £20,000	2	1	3	8,819
1	-	1	31,846	£20,001 - £40,000	1	1	2	48,589
-	-	-	-	£40,001 - £60,000	1	-	1	49,949
-	1	1	61,051	£60,001 - £80,000	-	-	-	-
3	3	6	133,789	Total	4	3	7	203,794

33. External Audit Costs

The Council incurred the following fees in relation to external audit and inspection:

2024/25 £000	2025/26 £000
185	206
Fees payable with regard to external audit services carried out by the appointed auditor	
- Additional fees payable in respect of prior year external audit services	71
44	48
Fees payable for the certification of grant claims and returns	
- Additional fees payable for the certification of prior year grant claims and returns	28
229	353
Total	

34. Usable Reserves

The movements on the Council's Usable Reserves are detailed in the Movement in Reserves Statement:

31 March 2025 £'000	Restated Adjustments	Restated 31 March 2025 £'000	31 March 2026 £'000
26,326		26,326	28,297
22,739	781	23,520	9,688
7,475		7,475	6,839
12,763	(886)	11,877	29,217
978		978	3,686
70,281	(105)	70,176	77,727
		TOTAL USABLE RESERVES	

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

35. Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26:

2024/25 £000		2025/26 £000
	Credited to Taxation and Non-Specific Grant Income	
(902)	New Homes Bonus	(1,528)
(7,191)	Small Business Rate Relief	(6,103)
(24)	Lower Tier Service Income Grant	-
(2,463)	Funding Guarantee Grant	(1,347)
(158)	Revenue Support Grant	(200)
	- Extended Producer Responsibility Grant	(957)
	- NI Compensation Grant	(231)
(10,738)	Non Ringfenced Revenue Grants	(10,366)
	- MNZH - Warm Homes: Local Grant	(92)
(2,716)	S106 Contributions	(1,013)
(834)	Community Infrastructure Levy	(3,096)
	- Brownfield Land Release Fund	(553)
	- Homes England - Cladding Grant	(668)
(3,583)	Future Highstreets Fund	-
(306)	Food Waste Collection Capital Grant	(21)
(792)	UK Shared Prosperity Fund	(249)
	- Local Authority Housing Fund	(4,459)
(234)	Sport England Grant	(293)
(38)	Art Purchase Grant	-
	- DESNZ - SHF Wave 3 Grant	(387)
(82)	Transitional Resource Grant	-
	- Football foundation	(35)
(5)	Warwickshire OPCC	-
	- Sports & Leisure Management Limited	(40)
(457)	Arts Council England	(2,121)
(45)	Hatton Parish Council	-
	- Leamington Town Council	(40)
(57)	DESNZ - HUG2 Grant	(358)
	- Other	(8)
(9,149)	Capital Grants and Contributions:	(13,433)
(19,887)	Total Grants Credited to Taxation & Non Specific Grant Income	(23,799)
	Credited to Services	
(20,795)	DWP Grants for Housing Benefits	(17,504)
(1,280)	Homelessness Reduction Act Grant	(1,568)
(1,240)	Disabled Facilities Grant - HEART Scheme	(1,240)
(288)	Local Council Tax Admin Support Grant	(281)
(221)	Contribution towards NNDR Collection	(223)
(222)	Rough Sleeping Initiative Grant	(222)
(1,610)	UKSPF Capacity Funding	(196)
	- Disabled Facilities Grant - Digital Switch Over	(178)
(307)	Police & Crime Commissioner Grant	(129)
	- Kings Hill Masterplan	(125)
	- Local Audit Backstop New Burdens Grant	(49)
	- Residential PEEPS Social Housing Provider	(38)
(228)	Local Plans Fund	(37)
(23)	S31 Redmond Review Local Audit Grant	(23)
(66)	Electoral Integrity Programme Funding	(21)
	- Air Quality New Burdens	(13)
(70)	Green Belt Fund	-
(27)	S31 Biodiversity Net Gain	-
(22)	Council Tax and Business Rates - New Burdens	-
(18)	Tenant Satisfaction Measures	-
(11)	Benefits - HBAA Initiative	-
(8)	Transparency Code - New Burdens	-
(3)	Bully Abandonments - S31 Grant (DEFRA)	-
(5)	Benefits - Verify Earnings and Pension (VEP) Service	-
(26,444)	Credited to Services	(21,847)
(46,331)	TOTAL GRANTS	(45,646)

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

2024/25 £000		2025/26 £000
11,589	S106 Contributions towards social housing, sports & leisure facilities and play equipment	11,981
807	DHLUC - Brownfield Land Release (CLS)	254
81	West Midlands Combined Authority - CWG	81
65	DLUHC Cyber Support Fund	59
533	MHCLG UK Shared Prosperity Fund	546
4	Network Rail Contribution	1
	- Football Association	35
402	English Sports Council	410
306	DEFRA - Food Waste Collection	285
1	Everest Clinic Ltd	1
294	Arts Council	-
1	Student Voice Safeguarding App	1
	- Homes England	1,809
82	DEFRA - Transitional Resource	82
14,166	Capital Grants, Contributions Held in Advance	15,545

36. Related Party Transactions

The Council 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 Council.

Central Government:

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides some of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2026 are included within the figures shown in the Grant Income note 35.

Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner:

These authorities issue precepts on the Council and these are shown in the Collection Fund Statement. Warwickshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in Defined Benefit Pension Schemes note 40.

Precepting Bodies:

The various Town and Parish Council's in the Council's area issue precepts on the Council. For 2025/26 the precepts issued totalled £2.524m (2024/25 £2.308m). The major preceptors were:

2024/25 £000	Major Preceptors	2025/26 £000
641	Warwick Town Council	690
464	Royal Leamington Spa Town Council	497
327	Whitnash Town Council	343
250	Kenilworth Town Council	292

Council Members and Chief Officers:

Council Members make disclosures of their pecuniary and non-pecuniary interests in the Members' Register and have to make declarations on individual committee agenda items. In addition to Council Members, the Chief Executive, Deputy Chief Executive, Strategic Director and Heads of Service also make annual declarations in respect of any Related Party Transactions they may have.

Council Members have direct control over the Council's financial and operating policies. Grants totalling £0.247m (2024/25 £0.717m) were paid to voluntary organisations in which 22 members had declared interest or held positions on the governing body. The grants were made with proper consideration of declarations of interest. The relevant members were excluded from any discussion or decision relating to the grants. The major grants awarded were:

2024/25 £000	Major Grants Awarded	2025/26 £000
187	Citizens' Advice South Warwickshire	167
225	Brunswick Healthy Living Centre	108
115	Warwick Percy Estates Community Project/THE GAP	89
85	Shakespeare's England Ltd	75
41	Warwick Town Council	61
116	Warwickshire Community and Voluntary Action (CAVA)	54
73	Sydenham Neighbourhood Initiatives (Sydni Centre)	42
0	Kenilworth Town Council	34
0	South Warwickshire NHS Foundation Trust	21
27	Hill Close Gardens Trust	25
0	Racing Club Warwick	20
59	ARC (Achieving Results in Communities)	16
375	Kenilworth School Multi Academy Trust	0

Leamington Business Improvement District:

The Council acts as an agent in respect of Leamington Business Improvement District (BID) whereby it collects the levy due on the BID's behalf -£0.303m in 2025/26 (2024/25 -£0.340m).

Entities Controlled or Significantly Influenced by the Authority:

Milverton Homes Ltd.

During 2020/21 Warwick District Council created a wholly owned Local Housing Company subsidiary named Milverton Homes Ltd. Company number 13123477. Milverton Homes most recent Business Plan was approved by the Council's Cabinet on 25 May 2021. The Company was incorporated with Companies House on 8 January 2021 with the nature of the business being 4110 – Development of building projects. Four directors have been appointed to Milverton Homes Board and registered on Companies House and the accounting reference period was shortened to align with the Council's.

Group Accounts have been prepared in the 2025/26 Financial Statements.

Milverton Homes has appointed an external accounting and audit company TC Group to provide accounts that are audited and meet Accounting Standards for consolidation into the Council's Group Accounts. Where possible the accounting policies adopted by Milverton Homes are aligned to the Council's

accounting policies and are in line with private company reporting regulations from the Companies Act 2006.

Milverton Homes entered into a Joint Venture with Crewe Lane LLP which is a housing development vehicle and is a 50/50 Joint Venture between Milverton Homes Limited (Company Number 13123477) and Vistry Partnerships Limited (Company Number 00800384).

Crewe Lane LLP

Crewe Lane LLP is a housing development vehicle and is a 50/50 Joint Venture between Milverton Homes Limited (Company Number 13123477) and Vistry Partnerships Limited (Company Number 00800384).

During the 2020/21 and 2021/22 Financial years the Council issued Loans with a total value of £60m to Crewe Lane Kenilworth JV LLP (Company number OC426015) to facilitate the construction of 620 dwellings in Kenilworth.

The Council's Loan transactions have been included in the Council's Financial Statements. All loan interest and capital repayments will be serviced by and are the liability of Crewe Lane Kenilworth JV LLP and financial security and contingencies have been put in place in line with legal and financial advice. The interest payable to the Council for facilitation these loans is charged at a commercial rate and any surpluses will be retained by the Council to support service operation.

The Joint venture is planned to last at least 6 years up to 2028 and will provide 248 affordable and social housing dwellings which will be constructed and sold to the Council's HRA in phases. Milverton Homes Ltd will also purchase 62 dwellings from Crewe Lane LLP during this period.

Milverton Homes has £1 Capital invested in the Crewe Lane LLP Joint Venture. Milverton Homes has accounted for the £1 investment in its financial statements and has adopted the cost model of accounting for joint ventures in line with FRS 102 para 15.9 where Investments in Joint ventures are measured at cost, less any accumulated impairment losses.

37. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it.

2024/25 £000		2025/26 £000
296,249	Opening Capital Financing Requirement	318,162
	- Prior year adjustment	
	- Capital Investment:	
57,365	Property, Plant and Equipment	74,866
	- Investment Properties	-
509	Infrastructure Assets	2,690
38	Heritage Assets	-
	- Community Assets	-
228	Intangible Assets	75
	- Non-operational Surplus Assets	-
	Revenue Expenditure Funded from Capital Under Statute:	
3,674	- Grants	649
159	- Long-term loans	249
	- Finance Leases Principal	-
	Sources of Finance:	
(9,939)	Capital Receipts	(9,816)
(9,325)	Government grants and other contributions	(10,795)
(6,822)	Major Repairs Reserve	(8,752)
(2,703)	Sums set aside from revenue	(15,773)
(1,271)	Minimum Revenue Provision	(1,358)
(10,000)	Capital receipts set aside to repay the capital financing requirement	(15,000)
318,162	Closing Capital Financing Requirement	335,197
	Explanation of movements in year	
21,913	Increase underlying need to borrow (unsupported by Government financial assistance)	17,035
21,913	Increase in Capital Financing Requirement	17,035

38. Leases

Authority as Lessor

The Council, as a lessor, does not have any leases which qualify as finance leases.

Operating Leases

Within the Housing Revenue Account, the Council has a number of shops etc. which whilst still forming part of its Operational non-current assets are leased out on a commercial basis and derive rental income.

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

31 March 2025 £000		31 March 2026 £000
362	Not later than one year	362
1,192	Later than one year and not later than five years	1,157
760	Later than five years	545
2,314		2,064

39. Impairment / Revaluation Losses

Enquiries were made of Service Areas, the Asset Management Team and our external valuers, Carter Jonas, to identify any additional properties that were physically impaired and which, therefore, required revaluation during 2025/26 to reflect their reduced capacity to operate at previous levels.

In February 2026, there was a fire at a block of flats owned by the Council. At the reporting date, three of these flats were uninhabitable due to fire damage. Under the advice of Carter Jonas, these properties were impaired to a value of £10,000 per property.

40. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme administered locally by Warwickshire County Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Council recognises 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 post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account 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:

2024/25 £000	Comprehensive Income and Expenditure Statement	2025/26 £000
	<i>Cost of Services:</i>	
3,267	- Current service cost	2,686
106	- Past service costs	257
-	- (Gain) / loss from settlements	-
	Financing and Investment Income and Expenditure:	
(1,144)	- Net interest expense	78
2,229	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,021
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
830	- Return on plan assets (excluding the amount included in the net interest expense)	(8,394)
(256)	- Actuarial gains and losses arising on changes in demographic assumptions	(2,193)
(21,646)	- Actuarial gains and losses arising on changes in financial assumptions	(2,953)
24,053	- Changes in the effect of the asset ceiling	(1,589)
(1,300)	- Other	15,200
3,910	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	3,092
	Movement in Reserves Statement	
(2,229)	- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(3,021)
	Actual amount charged against the General Fund and HRA Balances for pensions in the year	
3,838	Employer's contributions payable to scheme	4,266

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2024/25 £000		2025/26 £000
176,866	Present value of the defined benefit obligation	191,089
(174,843)	Fair value of plan assets	(190,240)
	Other movements in the liability / asset	
2,023	Net liability arising from defined benefit obligation	849

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

2024/25 £000		2025/26 £000
168,492	Opening fair value of scheme assets	174,843
	Opening balance adjustment *	
8,143	Interest income	10,119
	Remeasurement gain / (loss):	
	- Other experiences	
(830)	- The return on plan assets, excluding the amount included in the net interest expense	6,039
-	The effect of changes in foreign exchange rates	-
3,838	Contributions from employer	4,266
1,124	Contributions from employees into the scheme	1,258
(5,924)	Benefits paid	(6,285)
174,843	Closing fair value of scheme assets	190,240

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

2024/25 £000		2025/26 £000
170,443	Opening balance at 1 April	176,866
	Opening balance adjustment *	-
3,267	Current service cost	2,686
106	Past service cost	257
6,999	Interest cost	7,335
-	Interest on the effect of the asset ceiling	2,862
1,124	Contributions from scheme participants	1,258
	Remeasurement (gains) / losses:	
	- Actuarial gains / losses arising from changes in demographic assumptions	
(256)		(2,193)
	- Actuarial gains / losses arising from changes in financial assumptions	
(21,646)		(2,953)
24,053	- Changes in the effect of the asset ceiling	(1,589)
(1,300)	- Other experience	12,845
(5,924)	Benefits paid	(6,285)
176,866	Closing balance at 31 March	191,089

Local Government Pension Scheme assets comprised:

31 March 2025	31 March 2025	31 March 2025		31 March 2026	31 March 2026	31 March 2026
Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000		Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000
2,977	-	2,977	Cash and cash equivalents	5,200	-	5,200
			Equity Securities (by industry type):			
-	-	-	- Consumer	-	-	-
-	-	-	- Manufacturing	-	-	-
-	-	-	- Energy and Utilities	-	-	-
-	-	-	- Financial Institutions	-	-	-
-	-	-	- Health and Care	-	-	-
-	-	-	- Information Technology	-	-	-
-	-	-	- Other	-	-	-
-	-	-	Sub-total equity	-	-	-
			Debt Securities			
18,830	-	18,830	- Corporate bonds (investment grade)	19,447	-	19,447
-	-	-	- Corporate bonds (non-investment grade)	-	-	-
-	-	-	- UK Government	-	-	-
-	9,265	9,265	- Other	-	9,870	9,870
18,830	9,265	28,095	Sub-total debt securities	19,447	9,870	29,317
			Property:			
13,379	-	13,379	- UK Property	12,184	-	12,184
1,549	-	1,549	- Overseas Property	1,183	-	1,183
14,928	-	14,928	Sub-total property	13,368	-	13,368
			Private Equity:			
-	12,063	12,063	- All	-	12,513	12,513
			Investment Funds and Unit Trusts:			
97,466	-	97,466	- Equities	75,099	-	75,099
-	-	-	- Bonds	34,383	-	34,383
-	-	-	- Hedge Funds	-	-	-
-	-	-	- Commodities	-	-	-
-	19,315	19,315	- Infrastructure	-	20,360	20,360
-	-	-	- Other	-	-	-
97,466	19,315	116,781	Sub-total Investments	109,482	20,360	129,842
134,200	40,643	174,843	TOTAL ASSETS	147,497	42,744	190,240

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years' dependent on assumptions about mortality rates, salary levels, etc.

The Warwickshire County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2026.

The significant assumptions used by the actuary have been:

2024/25			2025/26
	Mortality assumptions:	Longevity at 65 for Current Pensioners:	
21.4 years		Men	22.2 years
24.1 years		Women	24.9 years
		Longevity at 65 for Future Pensioners	
22.3 years		Men	22.9 years
25.7 years		Women	26.2 years
3.15%	Rate of inflation		3.40%
3.75%	Rate of increase in salaries		4.00%
2.75%	Rate of increase in pensions		3.00%
5.80%	Rate of discounting scheme liabilities		6.20%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all 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 accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	5,618	(5,618)
Rate of increase in salaries (increase or decrease by 0.1%)	103	(103)
Rate of increase in pensions (increase or decrease by 0.1%)	1,946	(1,946)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	2,051	(2,051)

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis, with the triennial valuation based as at 31 March 2026.

The weighted average duration of the defined benefit obligation for scheme members is 15 years, 2025/26 (17 years 2024/25).

41. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

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

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, together with written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch's Ratings Services, except for Corporate Equity Funds which are rated as low or medium risk. The Annual Investment Strategy also imposes a maximum sum to be invested with each type of financial institution located within each category.

The credit criteria at 31 March 2026 in respect of investments held by the Council are:

Investment / counterparty type:	S/term	L/term	Security / Min. credit rating	Max limit per counterparty	Max. maturity period	Portfolio at 31 March 2026 £000	Proportion of Portfolio at 31 March 2026
	(FITCH or equivalent)						
Specified instruments: (repayable within 12 months)							
UK Govt. / local authorities / public corporations / nationalised industries	n/a		n/a	£10m	365 days	11,330	40.8%
Bank - private (includes fixed term deposits, CDs and category 1 FRNs & bonds)	F1	A	UK Sovereign	£5m	365 days	-	0.0%
	F1	A+	UK Sovereign	£7m	365 days	4,874	17.6%
	F1	AA- & above	UK Sovereign	£8m	365 days	-	0.0%
Money Market Fund (LVNAV)	AAAm / Aaa-mf/AAAmmf		n/a	£10m	liquid	11,548	41.6%
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1		n/a	£6m	liquid	5	0.0%
Non-specified instruments:							
Corporate Equity Funds		N/A	Low risk	£4m	10 years	-	0.0%
Total						27,757	100.0%

Where appropriate the Council makes use of a credit checking agency so that customers for goods and services e.g. major contracts are assessed and suitable credit limits set.

At 31 March 2026, sundry debts outstanding stood at £1.904m of which £0.906m related to general debts and £0.998m to Housing Benefit and Council Tax Support overpayments. An assessment has taken place of the likelihood of these debts being defaulted upon and bad debts provisions of £0.534m have been established in respect of the general debts £0.044m and Housing and Council Tax Benefit Overpayments £0.490m.

An analysis by age of the £1.904m less £0.534m Credit Loss Allowances follows:

Warwick District Council has a substantial number of trade receivables. As the assets do not have a significant financing component, the loss allowance is based on the lifetime expected credit losses. The

Council uses a provision matrix, based on historical observed rates over the lifecycle of trade receivables, adjusted for forward-looking estimates.

Credit Loss Approach

Warwick District Council has a substantial number of trade receivables. As the assets do not have a significant financing component, the loss allowance is to be based on lifetime expected credit losses.

The Council uses a provision matrix, based on historical observed rates over the lifecycle of trade receivables, adjusted for forward-looking estimates:

More than 1 year	100.00%
Current year	5.26%

The loss allowance is calculated as follows:

Lifecycle stage	Gross carrying amount	Loss rate	Lifetime expected credit losses
	A £	B	A x B £
Over 1 year	36,506	100%	36,500
Current year	145,036	5.26%	7,600
		Loss allowance	44,100

Warwick District Council has a substantial number of Benefits debtors. As the assets do not have a significant financing component, the loss allowance is to be based on lifetime expected credit losses.

The Council uses a provision matrix, based on historical observed rates over the lifecycle of this type of debtor, adjusted for forward-looking estimates:

Credit Loss Approach

Warwick District Council has a substantial number of Benefits debtors. As the assets do not have a significant financing component, the loss allowance is to be based on lifetime expected credit losses.

The Council uses a provision matrix, based on historical observed rates over the lifecycle of this type of debtor, adjusted for forward-looking estimates:

01 - 03 months	15.09%
04 - 06 months	36.53%
07 - 09 months	47.62%
10 - 12 months	46.94%
Over 1 year	54.74%

The loss allowance is calculated as follows:

Lifecycle stage	Gross carrying amount	Loss rate	Lifetime expected credit losses
	A £	B	A x B £
01 - 03 months	104,900	15.09%	15,800
04 - 06 months	56,000	36.53%	20,500
07 - 09 months	46,200	47.62%	22,000
10 - 12 months	19,700	46.94%	9,200
Over 1 year	771,100	54.74%	422,100
		Loss allowance	489,600

Amounts Arising from Expected Credit Losses

The changes in the loss allowance for investments and long-term debtors during the year are as follows:

The Council has analysed the credit risk of the investments held at 31 March 2026 using the methodology recommended by its treasury advisers in order to comply with IFRS 9.

The calculated potential impairment of £0.008m equates to 0.03% of total investments of £27.757m. This has been assessed as being immaterial and no impairment of the investments has been made.

During 2025/26, the Council made long-term loans for capital expenditure amounting to £0.249m. Due diligence was carried out to ensure that the borrowers' capacity to repay the loans plus interest in a timely manner was adequate. Repayments of all existing loans are being made according to the various repayment plans and consequently there is little or no expectation of any form of credit default and, therefore, no expected credit loss has been included in the accounts.

At 31 March 2026, outstanding arrears in respect of Council house rents and charges stood at £7.396m; again, an assessment of the default rate on these arrears has been made and a bad debts provision of £2.081m has been established.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council can borrow, subject to the limits imposed by the relevant Prudential Indicators, from the Money Markets to make up the shortfall. The relevant Prudential Indicators in this instance are the Operational Boundary for External Debt which manages the day-to-day cash flow requirements and the Authorised Limit for External Debt which sets an absolute ceiling on the amount of borrowing allowed.

All the Council's trade and other payables are due to be paid in less than one year.

Market Risk

This risk relates to market perceptions of the creditworthiness of particular counterparties or investment vehicles over and above those reflected in current credit ratings. The Council is not aware of any such perceptions which affect either counterparties that it has on its approved lending list or investment vehicles it is permitted to use.

Interest Rate Risk

The Council's external borrowing is made up of PWLB Fixed Rate Maturity loans with maturities of between 4 months and 40 years and the average rate of the portfolio at 31 March 2026 was 3.45%.

The main risk to its investment income comes from movements in Bank Rate and the Money Market Rates. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the Fair Value of the assets will fall.

The treasury management team has an active strategy for assessing interest rate exposure. According to this assessment strategy, based on the 2025/26 outturn a 0.25% movement upwards in interest rates would have produced an additional £0.083m interest. Conversely the same movement downwards would have reduced investment interest.

Price Risk

The Council invests in Certificates of Deposits which are instruments where the price fluctuates. The Council manages this risk by only purchasing such investments with a relatively short term to run and by holding the investments to maturity thus nullifying the effect of price fluctuations as the investments are redeemed at par i.e. face value. No purchases have been made in 2025/26.

42. Contingent Assets and Liabilities

Contingent Liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council, or
- a present obligation that arises from past events but is not recognised because: a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or b) the amount of the obligation cannot be measured with sufficient reliability.

The Council have not identified contingent liabilities for 2025/26.

Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

The Council have not identified contingent assets for 2025/26:

Business Rate Pooling – Local Volatility Fund

Following the Local Government Finance Bill, with effect from 1 April 2013, the Council agreed to participate in the Warwickshire and 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
- 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 rates are then split 80% to the pool and 20% to Warwickshire County Council.

Part of the Memorandum of Understanding for the Warwickshire and Coventry Business Rates Pool allocates 25% of the benefit of being in the pool to be set aside in a Local Volatility Fund. This is to provide protection for Pool members from falls in business rate income. The Local Volatility Fund is held by Warwickshire County Council as the lead authority and a memo account is maintained for each authority.

As at the end of March 2026, Warwick District Council held £0.359m within the Fund. This would be released to us if our business rates income fell by more than 5% of our baseline funding level or if we left the pool or the pool dissolved.

MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE STATEMENT

Housing Revenue Account Income & Expenditure Statement

The Housing Revenue Account (HRA) reflects the obligation to maintain a separate revenue account for the Council's housing provision. The HRA Income and Expenditure Statement shows the cost in the year of providing these housing services.

2024/25 £000	Restated Adjustments	Restated 2024/25 £000		2025/26 £000
			Expenditure	
12,917		12,917	Repairs and Maintenance	10,497
10,421	94	10,515	Supervision and Management	13,948
289		289	Rents, Rates, Taxes and Other Charges	432
151		151	Increased Provision for Bad Debts	182
7,497		7,497	Depreciation and Impairment of Non-Current Assets	8,220
-		-	Debt Management Costs	-
-	-	-	Amortisation of Intangible Assets & Revenue Expenditure Funded from Capital Under Statute	-
31,274	94	31,369	Total Expenditure	33,279
			Income	
(32,960)		(32,960)	Dwelling Rents	(35,230)
(1,111)		(1,111)	Non-Dwelling Rents	(992)
(1,691)		(1,691)	Charges for Services and Facilities	(1,806)
(262)		(262)	Contributions Towards Expenditure	(335)
(36,024)	-	(36,024)	Total Income	(38,363)
(4,750)	94	(4,655)	Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(5,084)
74		74	HRA services' share of Corporate and Democratic Core	74
21		21	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services	21
(4,656)	94	(4,561)	Net Income for HRA Services	(4,990)
(7,167)		(7,168)	Gain or Loss on sale of HRA non-current assets	7,251
6,633		6,633	Interest payable and similar charges	5,554
(207)		(207)	Net interest on the net defined benefit asset or liability	(9)
227		227	HRA Interest and Investment Income	(863)
-		-	Capital Grants and Contributions Receivable	-
(5,170)	94	(5,076)	(Surplus) / Deficit for the year on HRA services	6,943

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

Movement on the Housing Revenue Account Statement

The 'Surplus or (Deficit) for the year on Housing Revenue Account (HRA) services' line shows the true economic cost of providing the authority's services. The 'Net Increase / (Decrease) before transfers to earmarked reserves' line shows the change in the statutory HRA Balance before any discretionary transfers to or from reserves undertaken by the Council.

2024/25 £000	Restated Adjustments	Restated 2024/25 £000	Notes	2025/26 £000	2025/26 £000
10,317		10,317	Balance on the HRA at the end of the previous year		11,021
5,170	(94)	5,076	Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	HRA I&E	(6,943)
(7,529)	22	(7,506)	Adjustments between accounting basis and funding basis under statute	Main Notes 9	6,044
(2,359)	(72)	(2,430)	Net increase or (decrease) before transfers to or from reserves		(899)
3,133		3,134	Transfers (to) or from reserves	Main Note 10	12,861
774	(72)	704	Increase or (decrease) in year on the HRA		11,962
11,091	(72)	11,021	Balance on the HRA at the end of the current year		22,982

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

Notes to the Housing Revenue Account

1. Housing Stock

The Council was responsible for managing the following Council dwellings included in the Housing Revenue Account:

31/03/2025 Nos.	Restated Adjustments	Restated 31/03/2025		31/03/2026 Nos.
2,590	23	2,613	Houses	2,751
2,389	-	2,389	Flats	2,394
678	-	678	Bungalows	681
5,657	23	5,680		5,826

The change in housing stock can be summarised as follows:

2024/25 Nos.	Restated Adjustments	Restated 2024/25 Nos.		2025/26 Nos.
5,551		5,551	Housing Stock at 1 April	5,680
142	23	165	New build	209
5		5	Buy Back Purchases	2
-		-	- Reclassification from non-operational to operational stock	-
(26)		(26)	Right to Buy sales	(49)
(15)		(15)	Other Sales - Shared Ownership	(16)
5,657	23	5,680	Housing Stock at 31 March	5,826

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

2. Housing Revenue Account Non-Current Assets and Assets Held for Sale

The total Housing Revenue Account non-current assets and assets held for sale can be analysed as follows:

1 April 2025 £000	Restated Adjustments	Restated 1 April 2025 £000		1 April 2026 £000
502,739		502,739	Council Dwellings	543,789
10,629		10,629	Other Properties	10,414
(663)		(663)	Land	(682)
429		429	Equipment	379
1,670	49,128	50,798	Assets Under Construction	22,503
-		-	Surplus Assets	680
3,010		3,010	Assets Held for Sale	850
517,813	49,128	566,942	Total Balance Sheet Items	577,933

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

3. Valuation of Dwellings

The 'vacant possession' value of dwellings represents the open market value of the housing stock, whilst the Balance Sheet value represents the reduced valuation owing to the stock being used for social housing. The difference between the two valuations (a reduction to 40% of the market valuation) is the 'Economic Cost' of providing Council housing at less than open market rents.

31/03/2025 £000		31/03/2026 £000
1,168,309	Vacant Possession Value of Dwellings (Open Market Value)	1,204,238
(501,820)	Balance Sheet Value of Dwellings (Social Housing Value) (40% of Open Market Value)	(531,971)
666,489	Economic Cost to Government	672,267

4. Summary of Capital Expenditure Funding Sources

2024/25 £000		2025/26 £000
27,265	Prudential Borrowing	19,366
608	Government Grant	6,260
9,654	Usable Capital Receipts	9,380
1,141	Revenue and Other Contributions	10,939
6,822	Major Repairs Reserve	8,752
45,490	Total Capital Expenditure Funding	54,697

5. Revaluations Impairment

A full valuation of the Housing Revenue Account dwellings, other properties and land was undertaken for the 31st March 2025 valuation by the Council's Valuer, Carter Jonas LLP. Revaluation Losses of £12.497m and gains of £16.715m were credited to the Housing Revenue Account Revaluation Reserve resulting in a net loss of £4.218m. There were impairment charges of £0.102m in 2025/26.

The housing stock is valued on an 'Existing Use – Social Housing' (EUV-SH) basis, derived from the Open Market Value (OMV), discounted by a Regional Adjustment Factor, which is determined by the Ministry of Housing, Communities and Local Government (MHCLG), which is 40% of the Open Market Value.

6. Summary of Capital Receipts

2024/25 £000	Restated Adjustments	Restated 2024/25 £000		2025/26 £000
4,109		4,109	Sale of Council Houses	7,238
1,181	4,350	5,531	Other Non RTB Sales	2,665
-		-	- Sale of Land	13,077
5,290	4,350	9,640	Total Capital Receipts	22,980

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

7. Depreciation of Fixed Assets

2024/25 £000		2025/26 £000
6,371	Council Dwellings	7,061
1,055	Other Buildings	1,004
-	- Land	-
50	Equipment	50
7,476	Total Depreciation	8,115

8. Arrears and Provision for Loss Allowances

2024/25 £000		2025/26 £000
	HRA Rent & Charges Arrears	
4,707	Current Tenant Rent Arrears	5,500
876	Former Tenant Rent Arrears	991
5,583	Dwelling Rent Arrears	6,491
51	Garage Rent Arrears	67
16	Supporting People Charge Arrears	16
206	Court Cost Arrears	216
122	Overpayment of Benefit Arrears	124
118	Insolvency	120
286	Other Arrears	361
6,382	Total Arrears	7,395
	Prepayments	
(558)	Dwelling Rent Prepayments	(782)
(16)	Garage Rent Prepayments	(21)
(4)	Other Prepayments	(4)
(578)	Total Prepayments	(807)
5,804	Net Arrears	6,588
	HRA Bad Debt Provisions	
(1,585)	Rent Bad Debt Provision	(1,756)
(313)	Court Cost Bad Debt Provision	(325)
(1,898)	Total Bad Debt Provisions	(2,081)
2024/25 £000		2025/26 £000
16.84%	Current Tenant Rent Arrears	15.94%
20.74%	Net Arrears	19.04%

Collection Fund

This statement details the transactions relating to the collection of council tax and business rates. The Council acts as an agent to collect council tax and business rates on behalf of Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner and business rates on behalf of the Government.

2024/25 Council Tax £000	2024/25 Business Rates £000	2024/25 Total £000		2025/26 Council Tax £000	2025/26 Business Rates £000	2025/26 Total £000
Income						
(131,562)	-	(131,562)	Council Tax Receivable	(139,422)	-	(139,422)
-	(78,489)	(78,489)	Business Rates Receivable	-	(86,772)	(86,772)
-	(2,550)	(2,550)	Transitional Protection Payments Receivable	-	(641)	(641)
(131,562)	(81,039)	(212,601)	Total Income	(139,422)	(87,413)	(226,835)
Expenditure						
Precepts and Demands:						
-	38,661	38,661	Central Government	-	43,996	43,996
101,186	7,732	108,918	Warwickshire County Council	108,866	8,799	117,665
16,885	-	16,885	The Office of the Warwickshire Police and Crime Commissioner	18,137	-	18,137
12,760	30,928	43,688	Warwick District Council	13,728	35,197	48,925
130,831	77,321	208,152		140,731	87,993	228,724
Distribution of earlier years' Collection Fund Surplus/(Deficit):						
(772)	(1,501)	(2,273)	Warwickshire County Council	529	508	1,037
-	(7,503)	(7,503)	Central Government	-	2,538	2,538
(129)	-	(129)	The Office of the Warwickshire Police and Crime Commissioner	88	-	88
(100)	(6,002)	(6,102)	Warwick District Council	67	2,031	2,098
(1,001)	(15,005)	(16,006)		684	5,077	5,761
Charges to the Collection Fund:						
392	150	542	Write-offs of uncollectable amounts	651	647	1,298
-	221	221	Warwick District Council: Cost of Collection Allowance	-	223	223
106	-	106	Increase / (Decrease) in Bad Debts Provision	135	-	135
-	(1,554)	(1,554)	Increase / (Decrease) in Provision for Appeals	-	2,377	2,377
-	-	-	Transitional Protection Payments payable	-	-	-
-	80	80	Renewable Energy Disregard	-	89	89
-	1,443	1,443	Designated Areas	-	3,052	3,052
-	87	87	Interest payable	-	124	124
498	427	925		786	6,512	7,298
Movement On Fund:						
(1,234)	(18,296)	(19,530)	Net (Surplus) / Deficit for Year	2,779	12,169	14,948
524	14,719	15,243	(Surplus) / Deficit brought forward 1 April	(710)	(3,576)	(4,286)
(710)	(3,576)	(4,286)	(Surplus) / Deficit carried forward 31 March	2,069	8,592	10,661

Notes to the Collection Fund

1. General

The Collection Fund is a statutory account which shows the transactions of the billing authority (Warwick District Council) in terms of Council Tax and Business Rates and demonstrates how income from these sources is distributed to precepting bodies and the General Fund. The surplus or deficit on the Collection Fund at the year-end is distributed to, or recovered from, the billing authority and the precepting bodies on the basis of fund outturn balance estimates made in January before the year end.

2. Council Tax

Council Tax income is derived from charges according to the value of residential properties that have been classified into eight valuation bands. These numbers are adjusted for various items. The number of properties for each band is then converted into a Band D equivalent by applying a designated ratio to arrive at the Council Tax Base. Individual charges are determined by dividing the demands and precepts of the Council, Warwickshire County Council and The Office of the Warwickshire Police and Crime Commissioner by the Council Tax base. The Council Tax base for 2025/26 was calculated as follows:

Band	Dwellings in Banding List	Disabled Persons Adjustments No of Cases	Less Exemptions Properties Affected	Less Discounts	Adjusted Amount for Council Tax	Ratio	Band D Equivalent Dwellings	
@	-	10	-	(1.20)	8.80	5 / 9	4.89	
A	5,013	15	379	(1,452.30)	3,954.70	6 / 9	2,636.47	
B	12,433	42	658	(2,836.70)	10,296.30	7 / 9	8,008.23	
C	18,475	16	613	(2,926.90)	16,177.10	8 / 9	14,379.64	
D	13,344	17	417	(1,869.00)	11,909.00	9 / 9	11,909.00	
E	8,160	(30)	443	(1,334.70)	7,238.30	11 / 9	8,846.81	
F	5,427	(21)	133	(474.70)	5,064.30	13 / 9	7,315.10	
G	4,570	(26)	72	(316.50)	4,299.50	15 / 9	7,165.83	
H	453	(21)	10	(36.20)	405.80	18 / 9	811.60	
	67,875	2	2,725	(11,248.20)	59,353.80		61,077.57	
	Adjustment for new properties, collection rates, changes during the year for successful							2,287.21
	Less Council Tax Support Scheme							(3,645.27)
	Council Tax Base 2025/26							59,719.51

3. Income from Business Ratepayers

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate.

The two multipliers set by Government are:

- The Small Business Non-Domestic Rate Multiplier of 49.9p for businesses with a rateable value of less than £50,999.
- The Non-Domestic Rate Multiplier of 55.5p for other businesses with a rateable value of £51,000 or greater.

The total rateable value of properties in the Warwick District area was £226,813,558 at 31 March 2026.

Group Accounts

Introduction

The Council is a complex organisation and undertakes a broad range of activities, often in conjunction with external organisations. In some cases, the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities, and the resources employed in carrying out those activities.

“A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent.”

Milverton Homes Ltd is classified as a subsidiary of Warwick District Council and has therefore been consolidated and the required group accounts produced.

The financial statements of Milverton Homes Ltd have been consolidated with those of Warwick District Council on a line-by-line basis which has eliminated intra-group balances, transactions, income and expenditure between the Council and the subsidiary

The Council incorporated Milverton Homes Ltd Company number 13123477 during 2020/21 as a wholly owned subsidiary company with the nature of the business being 41100 – Development of building projects and the provision of privately rented housing. Incorporation was achieved with Companies House on 8th January 2021.

The Accounts for Milverton Homes Ltd 2024/25 have been produced externally by TC Group (formally known as FORTUS Audit Ltd), Chartered Accountants & Statutory Auditors.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement – shows all resources related to providing services and managing the Group including expenses and income on an accrual's basis.
- Group Movement in Reserves - shows the movement in the year on the usable and unusable reserves together with the Group reserves.
- Group Balance Sheet - reports the Group financial position at the year-end.
- Group Cash Flow Statement - shows the changes in cash and cash equivalents of the Group during the year.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts or material in nature.



Group Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the Group accounting cost in the year of providing services and operations

Gross Expenditure 2024/25 £000	Gross Income 2024/25 £000	Gross Income 2024/25 £000	Portfolio	Gross Expenditure 2025/26 £000	Gross Income 2025/26 £000	Gross Income 2025/26 £000
24,065	(21,272)	2,793	Customer & Digital Services	19,648	(17,951)	1,697
4,403	(825)	3,578	Finance	1,536	(671)	865
1,937	(1,137)	800	Governance	1,347	(472)	875
3,108	(2,111)	997	Housing Services - GF	6,093	(2,752)	3,341
32,761	(36,659)	(3,898)	Housing Services - HRA	44,168	(39,407)	4,761
24,770	(11,002)	13,768	Neighbourhood	25,189	(12,554)	12,635
(103)	(84)	(187)	People and Communication	317	(47)	270
21,825	(11,489)	10,336	Place, Arts & Economy	19,778	(7,914)	11,864
5,919	(2,350)	3,569	Community Protection	6,200	(2,140)	4,060
2,075	(531)	1,544	Strategic Leadership	1,615	(1,174)	441
120,760	(87,460)	33,300	Cost of Services - continuing operations	125,891	(85,082)	40,809
2,308	(7,168)	(4,860)	Other Operating Income and Expenditure	9,775	(155)	9,620
8,090	(7,975)	115	Financing and Investment Income and Expenditure	10,126	(6,763)	3,363
0	(37,553)	(37,553)	Taxation and Non-Specific Grant Income and Expenditure	0	(43,227)	(43,227)
0	0	(8,998)	(Surplus) or Deficit on Provision of Services	0	0	10,565
0	0	0	Associates & Joint Ventures Accounted for on an Equity Basis	0	0	0
0	0	0	Tax Expenses of Subsidiaries	0	0	0
0	0	0	Group Surplus/Deficit	0	0	0
0	0	(65,365)	(Surplus) or Deficit on revaluation of Non Current Assets	0	0	(31,777)
0	0	12,988	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve	0	0	11,817
0	0	0	Surplus or deficit on revaluation of available for sale financial assets	0	0	0
0	0	1,681	Remeasurement of the net defined benefit liability / (asset)	0	0	71
271	0	271	Share of Other Comprehensive Income & Expenditure of Subsidiaries, Associates & Joint Ventures	0	(939)	(939)
271	0	(50,425)	Other Comprehensive Income and Expenditure	0	(939)	(20,828)
		(59,423)	Total Comprehensive Income and Expenditure		0	(10,263)

Group Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the group.

2025/26	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's Share of Reserves of Subsidiaries	Total Group Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2025 carried forward	26,326	22,739	12,763	7,475	978	70,281	467,794	538,076	(1,395)	536,681
Opening Balance Adjustment	-	781	(886)	-	-	(105)	(754)	(859)	-	(859)
Restated Balance at 31 March 2025 c/f	26,326	23,521	11,877	7,475	978	70,176	467,040	537,217	(1,395)	535,822
Movement in reserves during 2025/26	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	9,827	(19,895)	-	-	-	(10,068)	19,889	9,821	-	9,821
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	(7,856)	6,063	17,341	(637)	2,708	17,619	(16,332)	1,286	-	1,286
Adjustments Between Group Accounts & Authority Accounts	-	-	-	-	-	-	-	-	(377)	(377)
Increase / (Decrease) in 2025/26	1,971	(13,832)	17,341	(637)	2,708	7,551	3,556	11,107	(377)	10,730
Balance at 31 March 2026 carried forward	28,297	9,689	29,217	6,838	3,686	77,727	470,597	548,324	(1,771)	546,552

2024/25	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's Share of Reserves of Subsidiaries	Total Group Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 carried forward	31,233	25,873	13,077	6,821	761	77,765	400,612	478,377	(878)	477,499
Movement in reserves during 2023/24	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	4,610	4,395	-	-	-	9,005	50,694	59,699	-	59,699
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	(9,517)	(7,529)	(314)	654	217	(16,489)	16,488	-	-	-
Adjustments Between Group Accounts & Authority Accounts	-	-	-	-	-	-	-	-	(517)	(517)
Increase / (Decrease) in 2024/24	(4,907)	(3,134)	(314)	654	217	(7,484)	67,182	59,699	(517)	59,182
Balance at 31 March 2025 carried forward	26,326	22,739	12,763	7,475	978	70,281	467,794	538,076	(1,395)	536,681

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments

Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its subsidiary as a whole. It shows the value of group assets and liabilities at the end of the financial year.

Group Total 31 March 2025 £000	Restated Adjustments	Restated Group Total 31 March 2025 £000		Group Total 31 March 2026 £000
			Operational Assets:	
502,739	-	502,739	Council Dwellings	543,789
9,966	-	9,966	HRA Land and Buildings	9,732
109,558	-	109,558	Other Land and Buildings	114,513
12,214	-	12,214	Vehicles, Plant, Furniture and Equipment	12,869
2,178	-	2,178	Infrastructure Assets	4,865
768	-	768	Community Assets	736
			Non-Operational Assets	
295	-	295	Surplus Assets	1,720
62,367	(1,076)	61,291	Assets under Construction	50,403
700,085	(1,076)	699,009	Property, Plant and Equipment	738,627
9,048	-	9,048	Heritage Assets	8,281
19,772	-	19,772	Investment Properties	29,272
515	-	515	Intangible Assets	525
99	-	99	Long Term Investments	162
-	-	-	Long Term Investment in Subsidiaries, Associates & Joint Ventures	-
65,744	217	65,961	Long Term Debtors	51,004
795,263	(859)	794,404	Long Term Assets	827,871
14,494	-	14,494	Short Term Investments	14,442
3,010	-	3,010	Assets Held for Sale	850
9	-	9	Inventories	19
15,969	-	15,969	Short Term Debtors	32,756
11,705	-	11,705	Cash and Cash Equivalents	14,464
45,187	-	45,187	Current Assets	62,531
(32,242)	-	(32,242)	Short Term Creditors	(22,567)
(1,675)	-	(1,675)	Provision Liabilities payable in less than 1 year	(1,561)
(33,917)	-	(33,917)	Current Liabilities	(24,128)
(881)	-	(881)	Long Term Creditors	(689)
(5,445)	-	(5,445)	Provision Liabilities payable in more than 1 year	(4,710)
(249,351)	-	(249,351)	Long Term Borrowing	(296,588)
-	-	-	- Other Long Term Liabilities	-
(14,166)	-	(14,166)	Capital External Grants/Contributions in Advance	(15,545)
2,023	-	2,023	Net Pensions Liability	(849)
(267,820)	-	(267,820)	Long Term Liabilities	(318,381)
538,713	(859)	537,854	Net Assets	547,892
66,873	(105)	66,768	Usable Reserves	77,295
471,840	(754)	471,086	Unusable Reserves	470,597
538,713	(859)	537,854	Total Reserves	547,892

¹ The 2024/25 figures have been restated. For further information, please see note 6 - prior period adjustments.

Group Cash Flow Statement

The Cash Flow Statement shows the Group changes in cash and cash equivalents during the reporting period. No Dividends were paid out by Milverton Homes in 2025/26.

2024/25 £000		2025/26 £000
8,998	Net (Surplus) or deficit on the provision of services	(10,069)
15,702	Adjust net (surplus) or deficit on the provision of services for non cash movements	50,822
(14,822)	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	(25,589)
9,878	Net cash flows from Operating Activities	15,164
(31,590)	Investing Activities	(49,862)
20,007	Financing Activities	37,289
(1,706)	Net (increase) or decrease in cash and cash equivalents	2,591
12,272	Cash and cash equivalents at the beginning of the reporting period	11,039
10,566	Cash and cash equivalents at the end of the reporting period	13,630

Notes to the Group Accounts

Explanatory Notes to the Group Accounts

The relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the Group entities into the Council's accounts or are material in nature.

1. Group Accounting Policies

Milverton Homes Ltd has prepared 2025/26 accounts using accounting policies consistent with those applied by the Council.

Milverton Homes Ltd accounting policies differ to the Councils where Taxation is concerned, Milverton Homes is not currently VAT Registered and is liable to pay Corporation Tax.

Milverton Homes Financial Statement have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

Both entities have an aligned financial year end of 31 March.

Warwick District Council is the immediate parent company and ultimate controlling party of Milverton Homes Limited as its sole shareholder.

2. Basis of Preparation

The Statement of Accounts is prepared on a "going concern" basis. This is the assumption that the Council and Milverton Homes Ltd will continue in operational existence for the foreseeable future.

3. Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates, and joint ventures. The meaning of these terms is outlined below:

- Subsidiary - "A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent." Milverton Homes Ltd is the wholly owned Subsidiary of Warwick District Council and accounts have therefore been consolidated.
- Associate - "An associate is an entity over which an investor (the Council) has significant influence."
- Joint Venture – "A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"

The Council does not currently have any other material associate or joint venture arrangements with any other entities that need to be consolidated into the Group Accounts.

The Council does have a number of Joint Operations which have not been included in the Group Accounts; more detail regarding each of these organisations can be found in the Related Parties Note.

4. Consolidation of Subsidiaries

As a subsidiary entity, Milverton Homes Ltd Accounts have been consolidated on a line-by-line basis with all intra-group transactions and balances removed.

5. Related Parties - Other Entities linked with the Subsidiary and Council

Crewe Lane LLP is a housing development vehicle and is a 50/50 Joint Venture between Milverton Homes Limited (Company Number 13123477) and Vistry Partnerships Limited (Company Number 00800384).

During the 2020/21 and 2021/22 Financial years the Council issued Loans with a total value of £60m to Crewe Lane Kenilworth JV LLP (Company number OC426015) to facilitate the construction of 620 dwellings in Kenilworth.

The Councils Loan transactions were included in the Council's 2020/21 Financial Statements. All loan interest and capital repayments will be serviced by and are the liability of Crewe Lane Kenilworth JV LLP and financial security and contingencies have been put in place in line with legal and financial advice. The interest payable to the Council for facilitation these loans is charged at a commercial rate and any surpluses will be retained by the Council to support service operation.

The Joint venture is planned to last at least 6 years up to 2028 and will provide 248 affordable and social housing dwellings will be constructed and sold to the Council's HRA in phases. Milverton Homes Ltd will also purchase 62 dwellings from Crewe Lane LLP during this period.

Milverton Homes has £1 Capital invested in the Crewe Lane LLP Joint Venture and there have been no material transactions between the Crewe Lane LLP and Milverton Homes Ltd in the 2024/25 financial year. Milverton Homes has accounted for the £1 investment in its financial statements and has adopted the cost model of accounting for joint ventures in line with FRS 102 para 15.9 where Investments in Joint ventures are measured at cost, less any accumulated impairment losses.

6. Risks

Milverton Homes depends on the Council for Ongoing Financial Support. The Council is committed to providing this support in the short to medium term as Milverton Homes Ltd assists with the provision of market rental and affordable housing in Warwick District. Provision of expected loan drawdowns and other financial support has been incorporated into the Council's cash flow forecasts and medium-term financial plans

7. Property Plant & Equipment

Milverton Homes adopted Investment Properties during the 2025/26 financial year, these properties are dwellings that are to be rented out to the private rental market. All stock has been revalued at 31st March 2026 and holds the following Values:

Number of Dwellings	Dwelling Types	Purchase Price Including SDLT £000	Revaluation Gain £000	Total Value of Dwellings £000
35	Houses	11,327	1,778	13,105

Glossary

This section explains complicated or technical terms that have been used in this document.

Accruals

Cost of goods and services received in the financial year but not yet paid for.

Actuarial Gain (Loss)

The changes in the pension fund's deficits or surpluses that arise because of:

- a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial (three-yearly) valuation of the fund or
- b) The actuary changing the assumptions used in the current triennial valuation exercise from those used previously.

Agency

Where one authority (the main authority) pays another authority (the agent) to do work for them.

Amortisation

The drop in the economic benefit value of capital assets as they become out of date or depreciate.

Non-Current Asset

An item which is intended to be used for several years such as a building or a vehicle.

Band D Equivalent

Council tax is a tax on domestic properties. Each domestic property is placed in a 'Band' from A to H, based on the capital value of that property in April 1991. Band D is the middle band, and the other bands are weighted in relation to Band D (e.g. Band A is weighted 6/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produces the 'Band D Equivalent' number of properties.

Best Value

Under the Local Government Act 1999, local authorities must constantly aim to improve their services. Best Value is the approach introduced that gives local authorities a duty to provide local people with high-quality and efficient services.

Billing Authority

This is the local authority which collects the council tax for its area. In shire counties the district or borough council is the billing authority.

Budget

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business Rates (Non-Domestic Rates – NDR)

Businesses pay these rates instead of Council Tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority. The amount charged is based on multiplying the rateable value of each business property by the national rate in the pound. From 1 April 2013 Government reforms have amended this process by allowing some degree of business rate retention.

Business Rate Retention Scheme

Councils are able to keep a proportion of the business rates revenue, as well as growth on the revenue that is generated in their area. It provides a direct link between business rates growth and the amount of money councils will have to spend on local people and local services.

Capital Adjustment Account

A reserve set aside from revenue resources or capital receipts to fund capital expenditure, or the repayment of external loans and certain other capital financing transactions.

Capital Programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital Receipt

Income from selling non-current assets. Capital receipts can be used to finance new capital expenditure or repay long term debt within rules set by central Government, but they cannot be used to finance day-to-day revenue spending.

Capital Spending

Spending on non-current assets that have a lasting value, for example, land, buildings and large items of equipment such as vehicles.

Capital Spending Charged to Revenue

Paying for capital spending direct from the Council's revenue monies.

Cash-flow Statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes that specialises in the public sector.

Collection Fund

A fund managed by the billing authority (this Council), to receive business rates income and council tax income. It is also used to make payments to the national business rates pool and to pay a share of council tax collected to the County Council, Police Authority, this Council and the town and parish councils.

Community Assets

The class of fixed assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

Component Depreciation

The cost of a large item of property, plant and equipment is allocated to different components of the asset - such as land, building or plant - and each component is depreciated separately based on its expected useful life, which vary by component. For HRA rental dwellings there are five components covering structure, roof, windows, central heating and kitchen/bathroom. This procedure is also referred to as componentisation.

Contingent Asset

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

Contingent liability

A possible obligation which may arise when we know the outcome of outstanding claims made against us.

Corporate and Democratic Core

Spending relating to the need to co-ordinate and account for the many services we provide to the public, including the cost of member representation and activities associated with public accountability.

Council Tax

A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. Since 1 April 2013 council's must have a council tax reduction scheme, which allows for council tax reductions for people, or classes of people, who are considered to be in financial need. In Warwickshire, the district or borough council issues council tax bills and collects the council tax. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

Council Tax Base

An assessment by each billing authority of the number of properties, converted to Band D equivalents (the average band), on which a tax can be charged. The calculation allows for new properties, exemptions, discounts, appeals and a provision for non-collection.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the entity being able to pay back a loan.

Creditors

People or organisations we owe money to for work, goods or services which have not been paid for by the end of the financial year.

Current Assets

Short-term assets that constantly change in value such as inventories, debtors and bank balances.

Current Liabilities

Monies that are due to be paid in less than one year, such as bank overdrafts and money owed to suppliers.

Current Service Cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee's ongoing membership of the pension scheme.

Current Spending

The yearly running costs of local authorities, not including specific grants and the cost of acquiring non-current assets.

Curtailed Costs

Curtailed costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

Debtors

People who owe us money for goods and services that is not paid by the end of the financial year.

Depreciation

The drop in the economic benefit value of tangible non-current assets such as buildings and vehicles, which reflects wear and tear, age and obsolescence.

Earmarked Reserves

Money set aside for a specific purpose.

Expected Credit Loss

The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

Fair Value

The price that could be received for an asset sold or a liability settled in an orderly transaction, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

General Fund

The account that records and finances Council revenue expenditure, other than HRA.

General Reserves

Money set aside to be used in the future to meet unforeseen eventualities.

Government Grants

Payment by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (revenue support grant).

Gross Spending

The cost of providing our services before allowing for Government grants or other income.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)

A separate statutory account dealing with the revenue income and expenditure arising from the provision of Council-owned and managed dwellings.

Impairment

A reduction in the carrying value of a non-current asset as a result of a physical change in its condition, or a significant decline in its market value.

Infrastructure Assets

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways, drains and footpaths.

International Financial Reporting Standards (IFRS)

Accounting standards / practices on the way we need to treat certain items in our accounts.

Inventories

Goods bought that have not yet been used. Also known as stock.

Investments

The purchase of financial instruments in order to receive income and/or make capital gain at a future time, however with the overriding concern being security of the initial sum invested.

Investment Properties

Land and/or buildings held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Liabilities

Money we will have to pay to people or organisations in the future.

Loss

The amount left over when expenses are higher than all income received.

Material Related-Party Transactions

Two or more organisations are 'related parties' if, during the year, one of them has some form of control over the other. By 'material' we mean 'of significant value'.

Materiality

Information is material if its omission or misstatement, individually or collectively, could influence the decisions that users make on the basis of financial information about a specific reporting entity.

Minimum Revenue Provision (MRP)

The prudent minimum amount which the Council must set aside each year to repay loans and other long term liabilities such as finance leases. This has the effect of reducing the Capital Financing Requirement.

Net Book Value (NBV)

The balance sheet value of a non-current asset after depreciation and/or impairment.

Net Spending

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including council tax and money from the Government).

Non-Distributed Costs

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

Notional

An accounting entry where there is no actual cash transfer.

Operating Lease

A type of lease, usually of computer equipment, vehicles, office equipment, etc., where the ownership of the goods and any risks and rewards remain with the lessor, therefore it is revenue expenditure and not capital expenditure.

Overheads

Spending on items not directly related to the supply of our services, for example, office cleaning costs.

Past Service Costs

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Pensions Interest Cost and Expected Return on Assets

All members of the scheme are one year older. The pensions interest cost is the increase in the value of the liabilities that arise because those liabilities are one year closer to being paid. The return on assets is the value of the return expected to be achieved on the fund's investments in the long-term.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

The demand levied by a non-billing authority (County Council, Police Authority, parish and town council's) on the Collection Fund managed by a billing authority (this Council) towards their annual spending.

Property, Plant and Equipment (also known as Non-Current Assets)

A physical (tangible) asset that is expected to be held for operational purposes for several years, such as land, buildings and vehicles.

Provisions

Amounts set aside to meet specific service liabilities of uncertain timing or amount and to meet spending.

Prudential Code

A statutory code of practice introduced on 1 April 2004 by Part 1 of the Local Government Act 2003, which allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Valuation Office Agency.

Reconciliation

A reconciliation explains how figures are worked out, and shows how they are used in different statements in our accounts.

Reimbursements

Payments we receive for work we do for other public organisations, for example, the Government.

Reserves and Funds

Savings we have built up from surpluses that are carried forward to meet future obligations.

Revaluation Reserve

Store of gains on the revaluation of non-current assets.

Revenue Spending

Spending on the day-to-day running of services including salaries and wages, running expenses of buildings and equipment, contract payments, supplies and capital financing costs. These costs are met from council tax, business rates, Government grants, fees and charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Revenue Support Grant

Traditionally the main Government grant to support local authority services. From 2019/20 onwards this reduces to nil for this Council.

Soft Loans

Loans made at less than the market rate of interest.

Specific Grants

Payments from the Government to cover local authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

Surplus

The remainder after taking away all expenses from income.

Signed:

Councillor Ian Davison
Leader of the Council

Christopher Elliott
Chief Executive

Dated:

Independent Auditors Statement