Statement Of Accounts

2025-2026

North Warwickshire Borough Council

NORTH WARWICKSHIRE BOROUGH COUNCIL

FINANCIAL STATEMENTS
2025/26

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We would welcome any comments or suggestions you have about this publication. Please contact Paul Sutton, Corporate Director – Governance and Resources (Section 151Officer)

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Interim Corporate Director – Resources (Section 151 Officer) Narrative Report

Introduction

The Statement of Accounts for the year ended 31 March 2026 has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts provides information to enable members of the public, Councillors, partners, stakeholders and other interested parties to:

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

The Narrative report provides information about the Borough, including issues and challenges affecting the Council and its accounts, the political make up, the ambitions of the Council and an overview of the many achievements that have been made to improve the quality of life of our residents, businesses and visitors.

Information about the Council

Political Structure

The Council has 17 Wards represented by 35 Members. The political composition of the Council is currently: 17 Conservatives, 11 Labour, 3 North Warwickshire Independents, 2 Reform UK, 2 Dordon Independents.

The Council operates with a committee structure with four main Boards: Executive, Resources, Community & Environment and Planning & Development. In addition, there are three Licencing Committees: Licencing, Alcohol & Gambling and Taxi & General and a Special Sub Committee, which deals with employment.

The Executive Board is the senior Board and is chaired by the Leader of the Council.

About the Borough

The Borough of North Warwickshire is a predominantly rural area, with over half of the area within the Green Belt. Towns and villages range in size from Atherstone parish with 9,426 residents to Wishaw with just 142. However, its location gives North Warwickshire a strategic position on the transport network, including easy access to the M6, M42 and M6 Toll, West Coast Mainline and Birmingham and East Midlands airports. As a result, there are major logistics sites within the area.

Economic connections go in several directions: towards greater Birmingham, South Staffordshire, Leicestershire and Coventry, as well as within the county of Warwickshire. There isn’t major unemployment within the Borough, although skills shortages in some areas have been identified.

Despite the strategic location, we have significant issues with communication and access within the Borough itself - there is an underlying issue with Broadband access and rural transport. An ageing population and financial constraints also impact on this.

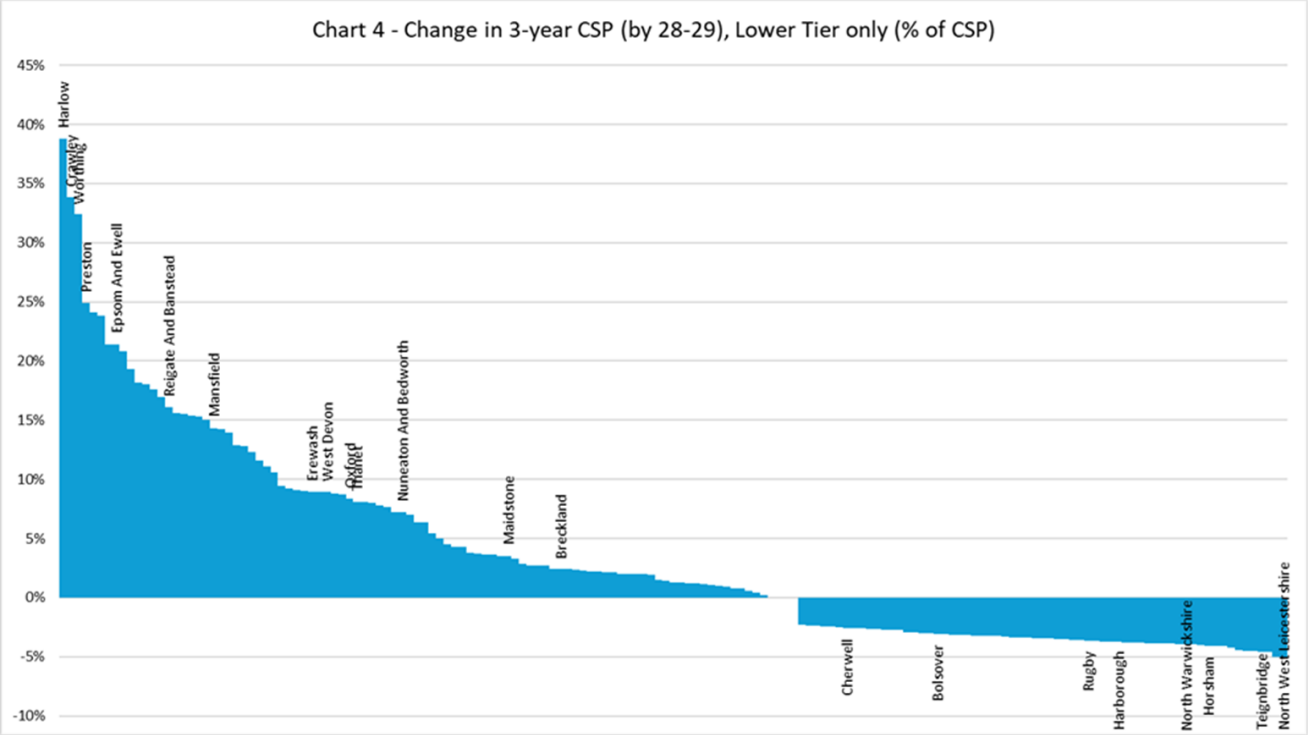
Statistics Relating to North Warwickshire

- The Borough covers 110 square miles
- A resident population of around 67,117 with White British the major ethnic group
- Approximately £79.1 million of business rates are collected annually – only approximately £2.1 million (baseline) and addition growth of £11.2 million of this is kept by the Council
- Council tax of £54.5 million is collected annually - only 5.3 million of this is kept by the Council
- We have 17 play areas,13 sports pitches, 2 Pump Tracks and 4 Local Nature Reserves
- A recycling rate of 49% (Unconfirmed)
- We dealt with 829 planning applications in 2025/26
- We manage and maintain 2,571 council houses
- We issued 736 licences
- There are 39 industrial units available for small businesses
- We run 2 leisure centres and 1 swimming pool
- Refuse is collected from 30,109 domestic properties and 346 trade properties

Financial Environment

The financial challenges that the Borough will face in the future have started to become clearer following the announcement of the Provisional Settlement 2026/27. The settlement is the first multi-year settlement in many years and gives some certainty over the medium-term regarding the Councils major funding streams.

The chart below sets out the relative position the Council is in compared to other Districts in the Country.



The further to the right of the chart the worst affected the Authority is through the settlement. North Warwickshire has therefore one of the worst settlements of any authority. They are nearly at the 5% funding cap, and this results in a loss of funding in real terms between 2025/26

and 2026/27. More alarming is the potential position the year after the current multi-year settlement. The table below shows the potential position if transitional funding is only provided for the current settlement period.

	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m
BR Baseline	2.1	2.5	2.6	2.6	2.6
BR Growth	10.3	0.0	0.0	0.0	0.0
Revenue Support Grant	1.1	8.4	5.7	2.9	2.9
Homelessness	0.2	0.3	0.3	0.4	0.4
Recovery Grant	0.1	0.1	0.1	0.1	0.1
95% Floor Protection	0.0	1.3	3.8	6.3	0.0
	13.8	**12.6**	**12.5**	**12.3**	**6.0**

This would be equivalent to saving half of the net budget requirement in a single year if it happens and whilst this may not be an issue for this Council it would be for a new one as it's seeking to establish itself.

Whilst the settlement is clearly not positive it has been recognised for some time that funding would be cut, and budgets have been set expecting a worse position than is now the case. The Council operates a Medium-Term Financial Strategy for General Fund services, which covers the current year and the following four years. It is anticipated that setting balanced budgets within the medium term will be achievable due to this and the reserves position the Council has built to protect itself.

Since the Council moved to a self-financing system for its council housing stock in 2013, we have used a 30-year Business Plan to manage the Housing Revenue Account. As a minimum, the Plan is updated on an annual basis, with further revisions carried out if needed. A full business plan review has been undertaken, and this will be adopted and applied to the budget for 2027/28.

The Impact of the Local Government Reorganisation (LGR) Pause

The Council along with its counterparts in Warwickshire had invested significant resources both in time and money (£1.2m in total) to ensure LGR was progressing. The "pause" changes the Council's focus and whilst the Warwickshire authorities have agreed a "positive pause" to be ready if LGR continues for April 2029 the Council inevitably is now considering its longer-term future.

There are a number of impacts to the Council of LHR not progressing. Borough Council elections will now take place in May 2027. The Council may also need to implement a Cabinet System as we were using LGR as a dispensation to not implement one following a change of legislation. This in addition to the full Constitution review and the introduction of an Audit Committee could be a significant change to how the Council does its business.

The longer-term financial implications highlighted from the Settlement 2026/27 will also need to be factored into the Medium-Term Financial Plan for the Budget 2027/28. As highlighted short-term certainty leads to potential £6m cliff edge if the Government doesn't continue to support transition.

Governance and Risk

In accordance with the Local Code of Corporate Governance and best practice, the Council's Annual Governance Statement (AGS) covers all significant corporate systems, processes and controls spanning the whole range of the Council's activities. It provides an overview of the Council's key governance systems and explains how they are tested and the assurances that can be relied on to show that the systems are working effectively.

The AGS has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework and conforms to the Council's Local Code of Corporate Governance and covers all significant corporate systems, processes and controls across all of the Council's activities.

The Council has now has an effective risk and performance management framework working with RSM it its development and this is in the process of being embedded across all areas of business activity. Risk registers are maintained at a corporate and service level. Corporate risks are reported to the Management Team and to the Resources Board at each meeting.

We are in the process of introducing focussed performance management arrangements on the Corporate Plan actions which will enable effective monitoring, control and reporting across the programmes of activity and also support managers and lead officers with training and project management tools, techniques and performance management advice.

In accordance with the Local Government Transparency Code, we publish how we spend our money, how we use our assets, how we make decisions and have regard to issues important to local people. The Council has been embedding it's Internal Audit function with CMAP during the financial year.

Corporate Vision, Values, Priorities and Objectives

The current corporate plan sets out the Council's Vision, Values Priorities and Objectives of the Council these are summarised below:

Vision

'Protecting the rurality of North Warwickshire, supporting its communities and promoting the wellbeing of residents and businesses.'

Values

The Council has a group of staff at Principal Officer level that have been working with the Chief Executive on a number of cross cutting issues. That group have suggested a revision the the Council's staff values.

In addition, the Council will continue its work to adopt a meaningful climate change strategy, as well as fully exploring the devolution opportunities available as a result of the Levelling Up agenda (or successor), particularly through the "Trailblazer Devolution Deal" for the West Midlands Combined Authority and a potential County Deal for Warwickshire

Priorities:

Efficient and sustainable organisation

Finances
Lean
Responsive

Safe, Liveable, Locally Focused communities

Place based enforcement
Feeling safe
Quality of life

Prosperous, active and healthy

Infrastructure
Connectivity
Jobs
Health

Sustainable growth, protected rurality

Recognisably home
Vibrant growth
Sense of place

Key Objectives

Efficient organisation – financial management, lean and responsive organisation
Safe, Liveable, Locally Focussed Communities – place-based enforcement, feeling safe and quality of life
Prosperous and healthy –, infrastructure, connectivity, jobs, health
Sustainable growth, protected rurality - recognisably home, vibrant growth, sense of place

The priorities and objectives and how we will achieve them and how we will measure the success are detailed in the full document available on our web site.

Corporate Plan 2023-2027 – 25-26 revision

https://www.northwarks.gov.uk/downloads/file/2832/corporate-plan-2023-27-25-6-revision

Revenue Spending in 2025/26

General Fund Services

The following charts show the spend for each Board during 2025/26 and the sources of funding which the Council received:

	Planned Spending £000	Actual Spending £000
Community & Environment	7,325	6,883
Executive Services	-	-
Planning & Development	909	757
Licensing	141	104
Resources	6,582	6,524
pEPR Funding	(732)	(732)
Sherbourne Recycling Loan Gain	-	(262)
Revenue Contribution to capital and Minimum Revenue Provision	2,231	1,343
Interest on Balances	(1,950)	(2,392)
Contribution to balances	5,406	7,546
Total Spending	**19,912**	**19,772**

We planned to fund this spending mainly through council tax, government grant and business rates.

	Expected Funding £000	Actual Funding £000
Council Tax	(5,319)	(5,319)
Collection Fund Surplus/(Deficit)	-	(2)
New Homes Bonus	(10)	(10)
Recovery Grant	(100)	(711)
Other Non-Ring Fenced Grants	-	(312)
Revenue Support Grant	(1,100)	(106)
Business Rates (Baseline +Growth & BR Multiplier)	(13,383)	(13,312)
Use of Balances	-	-
Total Funding	**(19,912)**	**(19,772)**

The main changes from the planned budget relate to:

- Additional Income on Recycling, Green waste and Trae Waste Service, partially offset by increased employee costs on the operations Streetscape sections,
- Additional Planning Income.
- No spend from the contingency or invest to save budget,
- Small decrease in retained receipts from Business Rates.
- An increase in investment income from higher interest rates.

Housing Revenue Account (HRA)

We are required to account separately for our own council housing stock, so this account shows the income and expenditure during the year on our Council housing.

Spending on services includes the day-to-day costs of managing and maintaining the stock. The Revenue Account also contributes to capital spending on planned refurbishment works and covers the borrowing costs of loans taken out to acquire the stock.

	Planned Spending	Actual Spending
	£000	£000
Management Services	718	694
Support Recharge from General Fund	2,986	2,758
Repair Services	3,773	4,179
Cost of Borrowing	1,777	1,795
Capital spending on properties	9,256	4,102
Provision for Bad Debts	143	53
Income set aside in general balances for future spending	-	1,007
Total Spending	**18,652**	**14,588**

Spending on the Council's own housing stock is **not** paid for from Council Tax. It is mainly funded from the rents paid by tenants.

	Expected Funding	Actual Funding
	£000	£000
Rents from housing, garages and shops	(14,628)	(14,624)
Service charges	(123)	(152)
Cost of New Borrowing	(3,315)	360
Interest on Balances	(212)	(172)
Income from general balance set aside in previous years	(373)	-
Total Funding	**(18,652)**	**(14,588)**

The main changes from the planned budget relate to:

- An increase in the cost of day-to-day repairs, Voids, Electrical and Gas Servicing and repairs;
- A decrease in the contribution to fund capital expenditure, instead utilising the use of existing capital reserves held;
- A decrease in the need to take on new borrowing to cover the costs of the service.

Capital Spending

Alongside day-to-day costs we spend money on assets such as buildings, vehicles, equipment, and computer systems. We assess capital requirements in outline terms over a ten-year period each February, to ensure that we manage capital resources appropriately. At the same time, we produce a detailed three-year programme, although the emphasis is on year one of the programme.

The 2025/26 capital programme shown below includes schemes from 2024/25 which were rolled forward due to timing issues. Actual spend in the year is also shown, together with commitments made which will be settled in 2026/27.

Project	Capital Programme	Spending in 25-26	25-26 commitments to be paid in 26-27
Council Housing - existing stock	7,692	7,527	(660)
Council Housing - new build	3,673	2,896	(282)
	11,365	**10,423**	**(942)**
General Fund - New Leisure Facilities	1,000	1,108	108
General Fund - Vehicles	700	666	(34)
General Fund - IT and Equipment	296	320	24
General Fund - Buildings	1,074	276	(799)
General Fund - Car Parking	55	28	(27)
General Fund - Play Areas and Recreation Grounds	336	219	(117)
Private sector Housing	986	1,055	69
	4,447	**3,671**	**(776)**
Total Spending	**15,812**	**14,094**	**(1,718)**

Funding for capital spending that we received in the year included receipts from the sale of 'Right to Buy' council housing, sale of surplus land and contributions from some partners for specific schemes.

We used some of this to fund the spending in 2025/26. The remaining funding used in 2025/26 came from reserves earmarked for capital and revenue funding.

Explanation of Accounting Statements

The 2025/26 Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2025/26, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2024. The Code requires that core and supplementary statements are produced together with disclosure notes and the style and format of the accounts complies with the local authority accounting standards. As recommended by CIPFA and our external auditors the Council continues to 'de-clutter 'the accounts by annually reviewing the content and removing unnecessary detail.

The accounting policies are outlined on pages 75 to 89 and have been fairly and consistently applied. Proper and up-to-date accounting records are maintained, and all reasonable steps are taken to prevent and detect fraud and other irregularities.

The Chief Finance Officer is the statutory officer responsible for the proper administration of the Council's financial affairs. They are required by law to confirm that the Council's system of internal controls can be relied upon to produce an accurate statement of accounts. The statement of assurance for 2025/26 (known as the Statement of Responsibilities) appears on page 1 of this document.

The Core Statements are:

Comprehensive Income and Expenditure Statement (page 13) – this shows the accounting cost in the year of providing services in accordance with IFRS rather than the amount to be funded from taxation. It records all of the Council's income and expenditure for the year and provides an analysis by Board, reflecting the way the Council's budgets are set.

Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and electoral registration; and

- Discretionary expenditure focused on local priorities and needs such as the Borough Care service or leisure activity.

The remainder of the statements deals with corporate transactions and funding.

Movement in Reserves Statement (page 14)– this shows the movement in the year of the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure) and 'unusable reserves' (those that an authority is not able to utilise to provide services).

Balance Sheet (page 16) – The Balance Sheet shows the Council's assets and liabilities at 31 March each year, in accordance with the Council's Accounting Policies. There is an inverse relationship between the Council's net worth and in particular pension liabilities i.e., as pension liabilities increase the Council's net worth reduces and vice versa.

The Balance Sheet includes pension costs to meet International Financing Reporting Requirements. We show the assets and liabilities relating to retirement benefits we are responsible for as an employer, so that we show the true cost of our responsibilities. A net pension asset indicates that contributions have effectively been overpaid relative to the future benefits earned to date by our employees. A net asset shows an effective overpayment. Our fund in the last 12 months has increased its net asset by £3.181 million in the year. This has been offset by the Asset Ceiling calculation of £30.052 million leaving a net liability of £1.531 million on the fund.

The pension fund is valued fully every three years. The last full valuation took place as at March 2025 and showed that the pension fund was fully funded. Our contribution rate is staying constant for the following three years, with the long-term aim of achieving/maintaining a 100% funding level. A further full valuation has been taken place as at March 2026 and will indicate whether the current level of increases is still suitable.

Despite recent challenges the Council, maintains a strong balance sheet:

	31 March 2025 £000	**31 March 2026 £000**
Non-current assets	224,300	229,288
Net current assets – debtors, stock and cash less short-term liabilities	21,359	18,869
Long term liabilities and provisions	(44,580)	(40,510)
Net assets	**201,079**	**207,647**
Represented by: Useable reserves	38,320	45,643
Represented by: Unusable reserves	162,759	162,004

We sold 26 properties under the Right to Buy legislation, built 5 new properties, gifted 7 new properties and converted 2 community rooms in flats, there was an increase in non-current assets due to changes in the value of council dwellings.

Cash Flow Statement (page 17) – this shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Notes (page 18) – these provide supporting context to the above Statements.

Supplementary Financial Statements:

Housing Revenue Account (page 65) – This reflects the statutory obligation to account separately for the Council's housing landlord function. It details the major elements of housing revenue expenditure – maintenance, administration and capital financing costs and how these are met by rents and other income.

Collection Fund (page 72)– this reflects the statutory requirement for the Council to maintain a separate account providing details of receipts of Council Tax and Business Rates and any associated payments to precepting authorities and central government.

We collected business rates of £79.1 million from businesses within our area in 2025/26, which is kept in a separate account called the Collection Fund. Following business rate localisation introduced in 2013, the Council has to set aside a provision for future successful ratepayer appeals against rateable valuations. This is our most significant provision, amounting to £3,136 million. As at the 31 March 2026, we had 80 Threats, 92 Checks and 41 Challenges outstanding relating to appeals. (In 2024/25 provision was £1,502 million (73 Threats, 25 checks and 22 Challenges)

As we collect business rates on behalf of the Government and Warwickshire County Council, as well as ourselves, only 40% of this provision is shown on our balance sheet.

Glossary of Terms (page 91)– This explains key terms used throughout the document further.

Further Information

Further information about the Statement of Accounts is available from financialservicesdivision@northwarks.gov.uk or Finance Team, The Council House, South Street Atherstone CV9 1DE

In addition, members of the public have a statutory right to inspect the accounts before the annual audit is completed. The availability of the accounts for inspection is advertised on our website at weblink

Paul Sutton CPFA
Corporate Director – Governance and Resources (Section 151 Officer), North Warwickshire Borough Council

STATEMENT OF RESPONSIBILITIES, ISSUE AND APPROVAL DATE

The Council's Responsibilities

The Council is required to:

1) 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 North Warwickshire Borough Council that officer is the Corporate Director - Resources.

2) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

3) Approve the Statement of Accounts.

The Corporate Director - Resources Responsibilities

The Corporate Director – Resources (Section 151 Officer) is responsible for the preparation of North Warwickshire Borough 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 Statements of Accounts the Corporate Director - Resources (Section 151 Officer) 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.

The Corporate Director – Resources (Section 151 officer) has also:

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

Issue Date

I certify that the Statement of Accounts 2025/26 give a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2026.

All known material events that have occurred up to and including this date, which relate to 2025/26 or before have been reflected in the accounts.

Signed: Date: 02 October 2026

Paul Sutton CPFA, Corporate Director – Governance and Resources (Section 151 Officer)

Signed: Date: 02 October 2026

David Wright, Chair of Executive Board

North Warwickshire Borough Council Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council analysed into “usable reserves” (those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves" (unrealised gains and losses and accounting adjustments). The statement shows the true economic costs of providing services and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Increase/Decrease line shows the statutory movements in the year following those adjustments. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Council’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance and Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants / Conts Unapplied	**Total Usable Reserves**	Unusable Reserves	**Total Council Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 1 April 2024	**(6,902)**	**(17,340)**	**(1,315)**	**(2,843)**	**(4,575)**	**(1,844)**	**(1,717)**	**(36,536)**	**(149,790)**	**(186,326)**
Movement in reserves during 2024/25										
Total Comprehensive Income and Expenditure	(4,270)	-	444	-	-	-	-	**(3,826)**	(10,927)	**(14,753)**
Adjustments between accounting basis and funding basis under regulations (note 5)	(4,768)	2,407	1,335	1	2,382	1,287	(602)	**2,042**	(2,042)	**-**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(9,038)**	**2,407**	**1,779**	**1**	**2,382**	**1,287**	**(602)**	**(1,784)**	**(12,969)**	**(14,753)**
Transfers to/from Earmarked Reserves (note 6)	478	(780)	-	302	-	-	-	**-**	-	**-**
(Decrease)/ Increase in Year	**(8,560)**	**1,627**	**1,779**	**303**	**2,382**	**1,287**	**(602)**	**(1,784)**	**(12,969)**	**(14,753)**
Balance as at 31 March 2025 carried forward	**(15,462)**	**(15,713)**	**464**	**(2,540)**	**(2,193)**	**(557)**	**(2,319)**	**(38,320)**	**(162,759)**	**(201,079)**
Balance as at 1 April 2025	**(15,462)**	**(15,713)**	**464**	**(2,540)**	**(2,193)**	**(557)**	**(2,319)**	**(38,320)**	**(162,759)**	**(201,079)**
Movement in reserves during 2025/26										
Total Comprehensive Income and Expenditure	(4,202)	-	3,173	-	-	-	-	**(1,029)**	(5,604)	**(6,633)**
Adjustments between accounting basis and funding basis under regulations (note 5)	(7,571)	972	(4,180)	1,638	1,472	523	787	**(6,359)**	6,359	**-**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(11,773)**	**972**	**(1,007)**	**1,638**	**1,472**	**523**	**787**	**(7,388)**	**755**	**(6,633)**
Transfers to/from Earmarked Reserves (note 6)	25,035	(25,035)	-	-	-	-	-	**-**	-	**-**
(Decrease)/ Increase in Year	**13,262**	**(24,063)**	**(1,007)**	**1,638**	**1,472**	**523**	**787**	**(7,388)**	**755**	**(6,633)**
Balance at 31 March 2026 carried forward	**(2,200)**	**(39,776)**	**(543)**	**(902)**	**(721)**	**(34)**	**(1,532)**	**(45,708)**	**(162,004)**	**(207,712)**

North Warwickshire Borough Council

Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2026

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and rents. Councils 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 Movement in Reserves Statement and the Expenditure and Funding Analysis (note 27).

2024/25 Gross Expenditure	2024/25 Gross Income	2024/25 Net Expenditure		2025/26 Gross Expenditure	2025/26 Gross Income	2025/26 Net Expenditure
£000	£000	£000		£000	£000	£000
473	(61)	412	Executive Board	-	-	-
11,754	(3,460)	8,294	Community and Environment Board	12,019	(3,859)	8,160
1,269	(1,087)	182	Planning and Development Board	894	(1,281)	(387)
129	(95)	34	Licensing Committee	212	(108)	104
15,434	(10,696)	4,738	Resources Board – Services	10,586	(8,673)	1,913
2,273	(496)	1,777	Resources Board – Recharged Services	7,788	(534)	7,254
13,436	(14,456)	(1,020)	Resources Board – Housing Revenue Account	16,807	(14,772)	2,035
44,768	**(30,351)**	**14,417**	**COST OF SERVICES**	**48,306**	**(29,227)**	**19,079**
1,186	(172)	1,014	Other Operating expenditure (Note 7)	6,440	(2,580)	3,860
6,503	(7,582)	(1,079)	Financing and investment income and expenditure (Note 8)	7,674	(11,868)	(4,194)
30,221	(48,399)	(18,178)	Taxation and non-specific grant income (Note 9)	4,816	(24,590)	(19,774)
82,678	**(86,504)**	**(3,826)**	**Deficit /(Surplus) on Provision of Services**	**67,236**	**(68,265)**	**(1,029)**
(8,466)	-	(8,466)	Surplus or Deficit on revaluation of Property, Plant and Equipment (note 10)	(4,642)	-	(4,642)
-	-	-	Surplus or Deficit on revaluation of Available for Sale Financial Assets (Note 14 and 23)	-	-	-
(2,461)	-	(2,461)	Surplus or Deficit on financial assets measured at fair value through other comprehensive income (Note 14 and 23) Remeasurement of the net defined benefit pension liabilities/ (assets) (Note 39)	(962)	-	(962)
(10,927)	**-**	**(10,927)**	**Other Comprehensive Income and Expenditure**	**(5,604)**	**-**	**(5,604)**
71,751	**(86,504)**	**(14,753)**	**Total Comprehensive Income and Expenditure**	**61,632**	**(68,265)**	**(6,633)**

North Warwickshire Borough Council

Balance Sheet as at 31 March 2026

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (*assets less liabilities*) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

31-Mar-25 £000		Note	31-Mar-26 £000
215,157	Property, Plant and Equipment	10	216,337
1,693	Heritage Assets	11	2,308
6,905	Investment Property	12	6,817
545	Intangible Assets	13	531
-	Long Term Investment	34	47
-	Long Term Debtors	42	3,249
224,300	**LONG TERM ASSETS**		**229,289**
21,523	Short Term Investments	14/40	27,327
68	Inventories	15	67
5,048	Short Term Debtors	14/17	4,691
15,740	Cash and Cash equivalents	18	3,061
42,379	**CURRENT ASSETS**		**35,146**
(2,450)	Short Term PWLB Loans	40	(2,450)
(17,068)	Short Term Creditors	14/20	(10,626)
(1,502)	Provisions	21	(3,136)
(21,020)	**CURRENT LIABILITIES**		**(16,212)**
(41,429)	Long Term PWLB Loans	40	(38,979)
(3,151)	Pension Fund Liabilities	39	(1,531)
(44,580)	**LONG TERM LIABILITIES**		**(40,510)**
201,079	**NET ASSETS**		**207,713**
(38,320)	Usable Reserves	22	(45,709)
(162,759)	Unusable Reserves	23	(162,004)
(201,079)	**TOTAL RESERVES**		**(207,713)**

Signed Date: 02 October 2026

Paul Sutton CPFA, Corporate Director – Governance and Resources (Section 151 Officer)

North Warwickshire Borough Council

Cash Flow Statement for the Year Ended 31 March 2026

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting year. The statement shows how the council 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 council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council'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 council.

2024/25 £000		2025/26 £000
(3,826)	Net deficit or (surplus) on the provision of services	(1,029)
(9,532)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 24)	11,451
4,512	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	(2,727)
(8,846)	Net cash flows from Operating Activities	**7,695**
19,418	Investing Activities (Note 25)	(17,647)
2,912	Financing Activities (Note 26)	(2,727)
13,484	Net Increase or decrease in cash and cash equivalents	**(12,679)**
2,256	Cash and Cash Equivalents at the beginning of the reporting year	15,740
15,740	**Cash and Cash Equivalents at the end of the reporting year (Note 18)**	**3,061**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new or amended standard that has been issued but not yet adopted. The standards introduced by the 2025/26 Code where disclosures are required from the 1st April 2025 will be adopted by the council from that date. The Standards introduced by the 2025/26 Code, are:

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

It is not expected that any of the amendments will have a material impact on the Council's financial statements.

2. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in pages 75-89 we have had to make certain judgements about complex transactions or those involving uncertainty about future events.

- **Grants and Contributions**

  The appropriate accounting treatment of Grants and Contributions is a result of critical judgements made about whether any attached terms are deemed as restrictions or conditions and whether any conditions have been met, see Accounting Policy 10 Government Grants and Other Contributions.
  If conditions are met, then the income must be shown in the Comprehensive Income and Expenditure Statement. Treatment is the same if there are no conditions or just restrictions. However, if there are conditions and they have not been met they must be shown in the Balance Sheet under Creditors. Details of grants recognised during the year can be found in Note 33.

- **Investment Properties**

  The council is required to judge whether it is holding property on an investment basis. The Code requires that, for an investment to be present, the property should only be held for capital appreciation, or to produce rental income, and for no other reason e.g. other operational reasons. See Note 12 for details of the council's investment properties.

3. 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 us 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 years are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of capital spending that will be incurred in relation to individual assets. Any unanticipated spending on assets will put a strain on the remaining capital resources available which may bring into doubt the useful lives assigned to other assets.	If the useful life of assets is reduced depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by around £541,341.46 for every year that useful lives had to be reduced.
Pensions Liability	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 age, mortality rates and expected returns on pension fund assets. The total net liability arising from defined benefit obligations is £1.531m at 31 March 2026 (£3.151m at 31 March 2025). A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	See Note 39 for the details of the Pensions Liability

Provisions – NDR Appeals	Local Authorities are liable for successful appeals against business rates charged to businesses in 2025/26 and earlier financial years in their proportionate share. Therefore, a provision has been made of the amount that businesses could have been overcharged up to 31 March 2026. The estimate for the 2017 & 2023 valuation appeals has been calculated using the latest Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals up to and including 31 March 2026. The Council's share of the balance of business rate appeals provisions at this date amounted to £3.136m this has increased by £1.634m from the previous year.	If successful appeals increased by 10%, this would require an additional £783,960 This Council's share would be £313,584 to be set aside as a provision.

Item	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Arrears	At 31 March 2026, we had a balance of sundry debtors of £818,472, whilst our share of council tax and NDR arrears amounted to £1,642,436. A review of significant balances, using a sliding scale based on age, suggested that the following impairments of doubtful debts were appropriate: - sundry debtors 22.25% (£182,078) - council tax 37.63% (£278,174) - NDR 52.51% (£474,341). However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the doubtful debts would require an additional £934,593 to be set aside as an allowance.

4. Events After the Reporting Period

The Corporate Director – Governance and Resources (Section 151 Officer) authorised the Statement of Accounts on 02 October 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as of 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.

There are no events that took place after the reporting period that merit disclosure.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that we have made to the total comprehensive income and expenditure which are recognised in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to us to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

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

Housing Revenue Account Balance
The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act 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.

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

Major Repairs Reserve
The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year end.

Capital Grants Unapplied
The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which 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	General Fund Balance	Housing Revenue Account	Earmarked General Fund Reserves	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Relevant Unusable Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Reversal of items debited or credited to the CIES									
Depreciation, Amortisation and Impairments	(1,828)	(4,211)	-	-	-	-	-	**6,039**	**Capital Adjustment Account**
Revaluation losses on property, plant and equipment	15	(4,930)	-	-	-	-	-	**4,915**	
Movements in the market value of Investment Properties	(4)	19	-	-	-	-	-	**(15)**	
Revenue expenditure funded from capital under statute	(1,071)	(241)	-	-	-	-	-	**1,312**	
Non-current assets written out on disposal	(3,020)	(2,029)	-	-	-	-	-	**5,049**	
Grant income transferred to Capital Grants Unapplied	1,167	-	-	-	-	-	-	**(1,167)**	
Transfers between revenue and capital resources									
Transfer of sale proceeds from revenue to the Capital Receipts Reserve	36	2,544	-	-	(2,580)	-	-	**-**	**Capital Adjustment Account**
Administrative costs of non-current asset disposals	-	(25)	-	-	25	-	-	**-**	
Transfer to/from the major repairs reserve	-	4,244	-	-	-	(4,244)	-	**-**	
Minimum Revenue Provision	371	360	-	-	-	-	-	**(731)**	
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	972	1,638	285	-	-	**(2,895)**	
Adjustments to capital resources									
Use of Capital Receipts to finance capital expenditure	-	-	-	-	3,742	-	-	**(3,742)**	**Capital Adjustment Account**
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	-	-	4,747	-	**(4,747)**	
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	736	-	-	-	-	-	(736)	**-**	
Application of capital grants and other contributions to finance capital expenditure	-	-	-	-	-	-	1,523	**(1,523)**	
Adjustments between accounting and funding basis under regulations									
Statutory adjustments in respect of employer's pension contributions	559	99	-	-	-	-	-	**(658)**	**Pensions Reserve**
Statutory adjustments in respect of financial instruments	256	-	-	-	-	-	-	**(256)**	**FIAA**
Council Tax and NNDR	(4,752)	-	-	-	-	-	-	**4,752**	**CFAA**
Holiday Pay	(36)	(10)	-	-	-	-	-	**46**	**Accumulated Absences Account**
Total Adjustments	**(7,571)**	**(4,180)**	**972**	**1,638**	**1,472**	**523**	**787**	**6,359**	

**Restated 2024/25	General Fund Balance	Housing Revenue Account	Earmarked General Fund Reserves	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Relevant Unusable Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Reversal of items debited or credited to the CIES									
Depreciation, Amortisation and Impairments	(1,449)	(2,967)	-	-	-	-	-	**4,416**	**Capital Adjustment Account**
Revaluation gains on property, plant and equipment	(90)	(1,769)	-	-	-	-	-	**1,859**	
Movements in the market value of Investment Properties	80	-	-	-	-	-	-	**(80)**	
Revenue expenditure funded from capital under statute	1,120	-	-	-	-	-	-	**(1,120)**	
Non-current assets written out on disposal	(32)	(776)	-	-	-	-	-	**808**	
Grant income transferred to Capital Grants Unapplied	1,108	-	-	-	-	-	(1,108)	**-**	
Transfers between revenue and capital resources									
Transfer of sale proceeds from revenue to the Capital Receipts Reserve	172	889	-	-	(1,061)	-	-	**-**	**Capital Adjustment Account**
Administrative costs of non-current asset disposals	-	(2)	-	-	2	-	-	**-**	
Transfer to/from the major repairs reserve	-	3,858	-	-	-	(3,858)	-	**-**	
Minimum Revenue Provision	228	2,585	-	-	-	-	-	**(2,813)**	
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	2,407	1	14	-	-	**(2,422)**	
Capital expenditure charged to revenue balances	(2,061)	-	-	-	-	-	-	**2,061**	
Adjustments to capital resources			-	-					
Use of Capital Receipts to finance capital expenditure	-	-	-	-	3,426	-	-	**(3,426)**	**Capital Adjustment Account**
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	-	-	5,145	-	**(5,145)**	
Application of capital grants and other contributions to finance capital expenditure	(482)	-	-	-	-	-	507	**(25)**	
Adjustments between accounting and funding basis under regulations									
Statutory adjustments in respect of employer's pension contributions	(1,512)	(487)	-	-	-	-	-	**1,999**	**Pensions Reserve**
Statutory adjustments in respect of financial instruments	326	-	-	-	-	-	-	**(326)**	**FIAA**
Council Tax and NNDR	(2,177)	-	-	-	-	-	-	**2,177**	**CFAA**
Holiday Pay	1	4	-	-	-	-	-	**(5)**	**Accumulated Absences Account**
Total Adjustments	**(4,768)**	**1,335**	**2,407**	**1**	**2,381**	**1,287**	**(601)**	**(2,042)**	

****Prior Period Adjustment 2024/25**

North Warwickshire borough council has identified an error relating to its 2024/25 published accounts relating to how it has previously presented capital earmarked reserves used to fund capital expenditure in the Movement in Reserves statement.

The presentation did not comply with the CIPFA code of practice presentation format.

The council has now made changes to both the Adjusting and funding basis note 5 and the Movement in Reserves statement to comply with the CIPFA Code of practice. These changes have led to a restatement of the 2024/25 notes mentioned above.

6. Movement 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 31 March 2024	Transfers Out 2024/25	Transfers in 2024/25	**Balance at 31 March 2025**	Transfers Out 2025/26	Transfers in 2025/26	**Balance at 31 March 2026**
	£000	£000	£000	**£000**	£000	£000	**£000**
General Fund							
Discretionary Reserves	**(810)**	-	(1,120)	**(1,930)**	479	(2,877)	**(4,328)**
Governance Reserves	**(9,433)**	6,273	(71)	**(3,231)**	2,890	(2,450)	**(2,791)**
Government Grants (Conditions)	**(2,371)**	1,062	(802)	**(2,111)**	190	(2,549)	**(4,470)**
Reserves Held for Capital	**(4,726)**	1,871	(5,586)	**(8,441)**	1,557	(21,304)	**(28,188)**
Total General Fund Reserves	**(17,340)**	**9,206**	**(7,579)**	**(15,713)**	**5,116**	**(29,180)**	**(39,777)**
HRA							
Housing Repairs Reserve	**(434)**	4,652	(4,349)	**(131)**	-	-	**(131)**
Reserves held for Capital spending	**(2,409)**	-	-	**(2,409)**	2,040	(402)	**(771)**
Total HRA Reserves	**(2,843)**	**4,652**	**(4,349)**	**(2,540)**	**2,040**	**(402)**	**(902)**
Total Earmarked Reserves	**(20,183)**	**13,858**	**(11,928)**	**(18,253)**	**7,156**	**(29,582)**	**(40,679)**

This note has been restated to reflect Section 151's format for reserves reporting to Executive board.

7. Other Operating Expenditure

2024/25		2025/26
£000		£000
1,264	Parish council precepts	1,366
(250)	(Gains)/Losses on the disposal of non-current assets **	2,494
1,014	**Total**	**3,860**

** amount restated to match 2024/25 Comprehensive income and expenditure statement.

8. Financing and Investment Income and Expenditure

2024/25		2025/26
£'000		£'000
2,057	Interest payable and similar charges	1,966
167	Pensions interest and expected return on pension assets	159
(3,224)	Interest receivable and similar income	(2,450)
(79)	Income and expenditure in relation to investment properties and changes in their fair value	(332)
-	Gains and losses arising from the derecognition of financial assets measured at amortised cost	(256)
-	Other Investment Income*	(3,281)
(1,079)	**Total**	**(4,194)**

* Other Investment income relates to Sherbourne recycling Loan creation originally held as an asset.

9. Taxation and Non-specific Grant Income and Expenditure

2024/25		2025/26
£000		£000
(6,429)	Council tax income	(6,751)
(1,246)	Non-domestic rates income and expenditure	(2,935)
(9,405)	Non-Domestic rates – Collection Fund adjustments *	(5,561)
(1,098)	Non-Ring Fenced Grants **	(1,838)
-	Capital Grants and Contributions	(2,689)
(18,178)	**Total**	**(19,774)**

* This covers all of the movements on NDR transactions required to leave North Warwickshire Borough Council's share of business rates.

** Non-ring-fenced government grants are shown individually in note 33.

10. Property, Plant and Equipment

Movements in balances in 2025/26:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2025	**189,837**	**23,598**	**8,177**	**87**	**153**	**704**	**66**	**222,622**
Additions	8,151	352	1,076	-	-	3,331	-	**12,910**
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	1,282	131	-	-	-	-	-	**1,413**
Revaluation increases/ (decreases) recognised in the Surplus / Deficit on the Provision of Services	(5,976)	20	-	-	-	-	-	**(5,956)**
De-recognition – disposals	(2,124)	(2,995)	(477)	-	-	-	-	**(2,601)**
Other movements in Cost or Valuation	197	(28)	-	-	-	-	(66)	**103**
As at 31 March 2026	**191,367**	**21,079**	**8,776**	**87**	**153**	**4,035**	**-**	**225,496**
Accumulated Depreciation and Impairment								
As at 1 April 2025	**(2,826)**	**(546)**	**(4,047)**	**(42)**	**(4)**	**-**	**-**	**(7,465)**
Depreciation charge	(3,976)	(1,111)	(805)	(3)	(1)	**-**	**-**	**(5,896)**
Depreciation written out on revaluations recognised in the Revaluation Reserve	1,651	963	**-**	**-**	**-**	**-**	**-**	**2,614**
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	1,025	16	**-**	**-**	**-**	**-**	**-**	**1,041**
Impairment loss /(reversal) recognised in the Revaluation Reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment loss/ (reversal) recognised in the Surplus / Deficit on the Provision of Services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
De-recognition – disposals	94	**5**	448	**-**	**-**	**-**	**-**	**542**
Other movements in Depreciation and Impairment	**(1)**	**1**	**-**	**-**	**-**	**-**	**-**	**0**
At 31 March 2026	**(4,033)**	**(672)**	**(4,404)**	**(45)**	**(5)**	**-**	**-**	**(9,160)**
Net Book Value								
At 31 March 2025	**187,011**	**23,052**	**4,130**	**45**	**149**	**704**	**66**	**215,157**
At 31 March 2026	**187,334**	**20,406**	**4,372**	**42**	**148**	**4,035**	**-**	**216,337**

Comparative movements in balances in 2024/25:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2024	**177,429**	**22,884**	**7,227**	**87**	**153**	**-**	**66**	**207,846**
Additions	9,718	394	1,135	-	-	704	-	**11,951**
Donations	-	-	-	-	-	-	-	**-**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	5,367	365	-	-	-	-	-	**5,732**
Revaluation increases/ (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1,769)	(89)	-	-	-	-	-	**(1,858)**
De-recognition – disposals	(864)	-	(185)	-	-	-	-	**(1,049)**
Other movements in Cost or Valuation	(44)	44	-	-	-	-	-	**-**
As at 31 March 2025	**189,837**	**23,598**	**8,177**	**87**	**153**	**704**	**66**	**222,622**
Accumulated Depreciation and Impairment								
As at 1 April 2024	**(1,682)**	**(415)**	**(3,495)**	**(39)**	**(3)**	**-**	**-**	**(5,634)**
Depreciation charge	(3,742)	(865)	(705)	(3)	(1)	-	-	**(5,316)**
Depreciation written out on revaluations recognised in the Revaluation Reserve	1,532	721	-	-	-	-	-	**2,253**
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	978	13	-	-	-	-	-	**991**
Impairment loss /(reversal) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	**-**
Impairment loss/ (reversal) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	**-**
De-recognition – disposals	88	-	153	-	-	-	-	**241**
Other movements in Depreciation and Impairment	-	**-**	-	-	-	**-**	-	**-**
At 31 March 2025	**(2,826)**	**(546)**	**(4,047)**	**(42)**	**(4)**	**-**	**-**	**(7,465)**
Net Book Value								
At 31 March 2024	**175,747**	**22,469**	**3,732**	**48**	**150**	**-**	**66**	**202,212**
At 31 March 2025	**187,011**	**23,052**	**4,130**	**45**	**149**	**704**	**66**	**215,157**

Depreciation

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

	Building	Assumed Life (Years)
	Council Dwellings	40 - 50
Other Land and Other Buildings: -		
	Leisure Centres	5 – 50
	Other arts/leisure venues	0 - 2
	Community Centres	1 - 50
	Pavilions	10 – 43
	Hostels	50
	Shops	3 – 50
	Public Conveniences	20
	Offices and Depot	20 – 50
	Garages	20 - 20
Vehicles, Plant, Furniture and Equipment:-		
	Vehicles	5 - 20
Infrastructure Assets:-		
	Infrastructure	30-50

Capital Commitments

At 31 March 2026 the capital commitments outstanding totalled approximately £0.850m the major commitments were:

- £0.08m for the play equipment and pitch repair/replace programme,
- £0.129m for Atherstone Leisure Complex,
- £0.129m for HRA Works,
- £0.468m for the vehicle replacement programme.

Effect of changes in Estimates

We have not changed any of the depreciation methods used in valuing our assets. However, the estimated useful lives of a number of assets have been reassessed and amended in 2025/26. The financial effect of any changes is detailed in the table below.

Asset Description	Original End Date	Revised End Date	Financial effect on Depreciation Charges £000
Council House Dwellings	31/03/2075	31/03/2076	53
Garages	31/03/2045	31/03/2046	6
Total			**59**

Revaluations

We carry out a rolling programme that ensures all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations were carried out by the Council's valuers; Bridgehouse and Howkins and Harrison, who are RICS Registered Valuers. 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 Institute of Chartered Surveyors. The valuation methods used for each type of asset category are detailed in note 16 of the Accounting Policies section (Property, Plant and Equipment).

The significant assumptions applied in estimating the current values are:

- An adjustment factor of 40% to discount the market valuation of council houses to reflect their use for social housing.
- Valuations on properties have been split between the element relating to the land as well as the building. The building is depreciated over the useful economic life of the asset whilst land is not depreciated.

The following table shows the revaluation of property, plant, and equipment over the last 5 years.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Surplus Assets	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Carried at historical cost	-	-	8,776	87	153	4,036	-	**13,052**
		Valued at current value as at:						
31 March 2026	191,367	24,073	-	-	-	-	-	**215,440**
31 March 2025	-	-	-	-	-	-	-	**-**
31 March 2024	-	-	-	-	-	-	-	**-**
31 March 2023	-	-	-	-	-	-	-	**-**
31 March 2022	-	-	-	-	-	-	-	**-**
Total Cost or Valuation	**191,367**	**24,073**	**8,776**	**87**	**153**	**4,036**	**-**	**228,492**

11. Heritage Assets

Our heritage assets are the civic regalia we hold, which consist of a number of items of gold used ceremonially by the Mayor and Consort, plus deputies. Two of these items relate to the chains of office for Atherstone Rural District Council, the predecessor of North Warwickshire Borough Council. The value of the assets is shown below.

2024/25 £000	Civic Regalia	2025/26 £000
	Cost or Valuation	
1,187	**Balance as at 1 April**	**1,693**
506	Revaluations	615
1,693	**Balance as at 31 March**	**2,308**

Five-Year Summary of Transactions

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Civic Regalia	986	1,064	1,188	1,693	2,308

12. Investment Property

If we hold assets for the purpose of providing public services, then the assets are classed as property assets. However, if we hold assets with the purpose of generating revenue income, which can be used to offset the costs of other services, then these are shown as Investment Property.

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

2024/25 £'000		2025/26 £'000
(351)	Rental income from investment property	(355)
25	Direct operating expenses arising from investment property	38
(79)	Change in fair value of investment property	(15)
(405)	**Net gain**	**(332)**

There are no restrictions on our ability to realise the value inherent in our investment property or on our right to the remittance of income and the proceeds of disposal. We have no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2024/25 £'000		2025/26 £'000
6,826	**Balance at start of the year**	**6,905**
	Opening balance adjustment	(103)
-	Expenditure during the year	-
79	Net gains/(losses) from fair value adjustment in the Consolidated Income and Expenditure Statement	15
6,905	**Balance at the end of the year**	**6,817**

Fair Value Hierarchy

Inputs to the valuation techniques in respect of fair value measurement in the Council's Financial Statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at measurement date

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 – unobservable inputs for the asset or liability.

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2026 and 2025 are as follows:

Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1) £000**	**Other significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**	**Fair value as at 31 March 2026 £000**
Residential properties	-	215	-	215
Commercial units	-	5,941	-	5,941
Shops and Restaurants	-	310	-	310
Land	-	351	-	351
Total	**-**	**6,817**	**-**	**6,817**

2024/25 Comparative Figures

Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1) £000**	**Other significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**	**Fair value as at 31 March 2025 £000**
Residential properties	-	196	-	**196**
Commercial units	-	5,908	-	**5,908**
Shops and Restaurants	-	450	-	**450**
Land	-	351	-	**351**
Total	**-**	**6,905**	**-**	**6,905**

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach by the valuer, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being classified as level 2 on the fair value hierarchy.

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

For more information on valuation techniques, fair value measurement and the fair value hierarchy see Accounting Policies (page75).

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

13. Intangible Assets

We account for software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. Our intangible assets relate to software licences. All software is given a finite, useful life, based on assessments of the period that the software is expected to be of use to the Council.

These assets have been amortised on a straight-line basis over their anticipated lives, the same method used for writing down our intangible assets in previous years. The amortisation of £143k charged to revenue in 2025/26 was charged to the Information Services, Environmental Health General, Food Waste services and financial services cost centres and then absorbed as an overhead across the relevant service headings in the Net Expenditure of Services. The Housing Rents, Housing Direct Works and IBS systems which relate to housing were attributed directly to the Housing Revenue Account. The planning system was apportioned to the Planning and Development Service. Corporate systems such as the Total finance system and Microsoft Licences are recharged across all services.

We have not changed any of the depreciation methods or estimated useful lives used in valuing our assets. The movement on Intangible Asset balances during the year is as follows:

	2024/25	2025/26
	Software Licences £000	**Software Licences £000**
Balance at start of year		
Gross carrying amounts	2,103	2,197
Accumulated amortisation	(1,560)	(1,651)
Net carrying amount at start of year	**543**	**546**
Additions:		
Expenditure in the year	94	128
Amortisation for the year	(91)	(143)
Net Disposals in the year	-	-
Net carrying amount at end of year	**546**	**531**
Comprising:		
▪ Gross carrying amounts	2,197	2,326
▪ Accumulated amortisation	(1,651)	(1,795)
Net carrying amount at end of year	**546**	**531**

The software licences are held for a number of systems of varying sizes. Only the main ones are detailed below: -

- Payment Management System (PMS). This was purchased during 2012/13 costing £84k with an upgrade costing £17k in 2018/19 and an upgrade in 2024/25 costing £33k and £22k in 2025/26 and is being amortised over a period of 10 years,

- Civica System. The software cost £140k in 2018/19 and is being amortised over a 10-year life until 2028/29.

- Idox Cloud Planning System. This was Purchased in 2022/23 costing £52k with further costs in 2024/25 of £12k and is being amortised over 10 years till 2032/33.

- Environmental Health Cloud System. This was Purchased in 2022/23 costing £50k The cost is being amortised over 10 years till 2032/33.

- Unit 4 ERP - Financial Management System. This was initially purchased in 2022/23 at an initial cost in year of £119k with further costs incurred in 2024/25 of £49k. This is being amortised over 10 years till 2032/33.

14. Financial Instruments

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

- **Financial Assets**

	Non-Current		Current			
As at 31 March 2026	**Investments**	**Debtors**	**Investments**	**Cash**	**Debtors**	**Total**
	31-Mar-26	31-Mar-26	31-Mar-26	31-Mar-26	31-Mar-26	31-Mar-26
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Amortised Cost						
Loans and Receivables	-	-	21,327	-	-	**21,327**
Cash and Cash Equivalents	-	-	-	3,061	-	**3,061**
Debtors	-	-	-	-	3,930	**3,930**
Fair Value through Profit and Loss						
Ultra Short Dated Bond Funds	-	-	6,000	-	-	**6,000**
Sherbourne Recycling Shares	**47**	**3,248**	-	-	-	**3,295**
Total Financial Assets	**47**	**3,248**	**27,327**	**3,061**	**3,930**	**37,613**

	Non-Current		Current			
As at 31 March 2025	**Investments**	**Debtors**	**Investments**	**Cash**	**Debtors**	**Total**
	31-Mar-25 **£000**	31-Mar-25 **£000**	31-Mar-25 **£000**	31-Mar-25 **£000**	31-Mar-25 **£000**	31-Mar-25 **£000**
Amortised Cost						
Loans and Receivables	-	-	15,476	-	-	**15,476**
Cash and Cash Equivalents	-	-	-	15,740	-	**15,740**
Debtors	-	-	-	-	4,622	**4,622**
Fair Value through Profit and Loss						
Certificates of Deposit	-	-	-	-	-	**-**
Ultra Short Dated Bond Funds	-	-	6,000	-	-	**6,000**
Sherbourne Recycling Shares	**-**	**-**	47	-	-	**47**
Total Financial Assets	**-**	**-**	**21,523**	**15,740**	**4,622**	**41,885**

- **Financial Liabilities**

	Non-Current		Current		
As at 31 March 2026	**Borrowing (PWLB)**	**Creditors**	**Borrowing (PWLB)**	**Creditors**	**Total**
	31-Mar-26 £000	**31-Mar-26 £000**	**31-Mar-26 £000**	**31-Mar-26 £000**	**31-Mar-26 £000**
Amortised Cost	(38,979)	-	(2,450)	(3,588)	(45,017)
Total Financial Liabilities	**(38,979)**	**-**	**(2,450)**	**(3,588)**	**(45,017)**

	Non-Current		Current		
As at 31 March 2025	**Borrowing (PWLB)**	**Creditors**	**Borrowing (PWLB)**	**Creditors**	**Total**
	31-Mar-25 £000	**31-Mar-25 £000**	**31-Mar-25 £000**	**31-Mar-25 £000**	**31-Mar-25 £000**
Amortised Cost	(43,879)	-	-	(17,068)	**(60,947)**
Total Financial Liabilities	**(43,879)**	**-**	**-**	**(17,068)**	**(60,947)**

Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statements in relation to financial instruments are made up as follows:

Financial Instruments	(Surplus) or Deficit on the Provision of Services 2024/25 £000	Other Comprehensive Income 2024/25 £000	(Surplus) or Deficit on the Provision of Services 2025/26 £000	Other Comprehensive Income 2025/26 £000
Financial Assets Measured at Fair Value Through Profit or Loss	-	(61)	-	317
Total net (gains)/losses	**-**	**(61)**	**-**	**317**
Financial Assets Measured at Amortised Cost	(2,429)	-	-	-
Total interest revenue	**(2,429)**	**-**	**-**	**-**
PWLB Loan interest expense	1,576	-	1,510	-
Total fee expense	**1,576**	**-**	**1,510**	**-**

Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Financial liabilities and financial assets, represented by borrowing and investments, 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 will take place over the remaining term of the instruments, using the following assumptions:

- Early redemption rates for loans from the PWLB as at 31 March 2024,
- No early repayment or impairment is recognised in the accounts.

The fair values are calculated as follows:

31 March 2025 Carrying Amount on Balance Sheet £000	31 March 2025 Fair Value Calculation £000		31 March 2026 Carrying Amount on Balance Sheet £000	31 March 2026 Fair Value Calculation £000
43,879	38,858	PWLB Debt	41,429	36,396
43,879	**38,858**	**Total Borrowings**	**41,429**	**36,396**
-	-	Money Market Funds < 1 year	-	-
-	**-**	**Total Investments**	**-**	**-**

Borrowings: the fair value is more than the carrying amount because the Council's loans are fixed at a higher rate than was available at 31 March 2025. This shows a notional loss (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to the PWLB above current market rates.

Investments: The fair value is the carrying amount, as the authority's investments are all less than one year to maturity.

- Loans below Market Rates

During 2025/26 the Council granted Decent Homes Standard loans to 9 private owner occupiers totalling £61k and granted Disabled Facilities loans to 1 private owner occupier totalling £8k. The Council is due to have the loans repaid when the properties are sold in the future. Given the uncertainty of future timescales, these loans have been fully funded through the Council's capital programme. Any funds recovered in the future will therefore be a windfall to the Council.

15. Inventories

	Consumable Stores	Consumable Stores	Maintenance Materials	Maintenance Materials	Client services Work in Progress	Client services Work in Progress	Total	Total
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at start of year	**21**	**27**	**32**	**41**	**-**	**-**	**53**	**68**
Purchases	433	410	539	776	-	-	972	1,187
Recognised as an expense in the year	(427)	(415)	(530)	(773)	-	-	(957)	(1188)
Balance at year end	**27**	**22**	**41**	**45**	**-**	**-**	**68**	**67**

16. Construction Contracts

At 31 March 2025 we had one construction contract with Capstone Alliance for the conversion of the TNT building into 14 flats and 6 town houses during 2025-2027, which was purchased in March 2025 on Long street Atherstone.

17. Short Term Debtors

31 March 2025 £000		31 March 2026 £000
2,302	Trade Receivables	1,665
426	Prepayments	452
698	Local Taxation	309
109	Council Rents	205
1,513	Other Receivables	2,061
5,048	**TOTAL**	**4,692**

18. Cash and Cash Equivalents

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

31 March 2025 £000		31 March 2026 £000
1	Cash held by the Council	-
683	Bank current accounts	1,045
15,057	Short term deposits	2,016
15,741	**Total Cash and Cash Equivalents**	**3,061**

19. Assets Held for Sale

There were no assets held for sale at 31 March 2026.

20. Short Term Creditors

31 March 2025 £000		31 March 2026 £000
(2,933)	Trade Payables	(2,804)
(3,701)	Receipts in advance	(2,819)
(209)	Other Payables	(296)
(9,789)	Local Taxation	(4,220)
(436)	Council Rents	(487)
(17,068)	**TOTAL**	**(10,626)**

21. Provisions

Business Rate Payers can appeal against the rateable value of their properties to the Valuation Office. If they are successful, we will have to refund a proportion of the rates which they have paid. An increase in provision of £7.035 million has been made in the Collection Fund at 31 March 2026 (increase of £3.287 million at 31 March 2025), to cover possible refunds. Of the £10.790 million set aside at 31 March 2026, we have settled claims of £2.950 million from that sum. Our share of the increase in provision is £2.814 million (40%) (increase £1.315 million at 31 March 2025), with the remaining 60% falling to central government and Warwickshire County Council.

31 March 2025 £000		31 March 2026 £000
229	Opening Balance set aside as at 31st March	1,502
345	Add back - share to Central Government and Warwickshire County Council (60%)	2,253
(106)	Settled claims in year	(2,950)
468	**Sub Total**	**805**
3,287	Additional provision made in year	7,035
3,755	**Sub Total**	**7,840**
(2,253)	Less - share to Central Government and Warwickshire County Council (60%)	(4,704)
1,502	**TOTAL**	**3,136**

22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MIRS) on page 14.The Earmarked Reserves (General Fund and HRA) columns on the MIRS are further detailed in Note 6.

23. Unusable Reserves

31-Mar-25		31-Mar-26
£000		£000
(43,764)	Revaluation Reserve	(44,579)
(119,149)	Capital Adjustment Account	(120,502)
3,151	Pensions Reserve	1,531
(24)	Collection Fund Adjustment Account - CT	(88)
(3,117)	Collection Fund Adjustment Account - NDR	1,699
205	Accumulated Absences Account	251
(61)	Financial Instruments Revaluation Reserve	(316)
(162,759)	**Total Unusable Reserves**	**(162,004)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment (and intangible assets). 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.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2024/25 £'000		2025/26 £'000
(35,467)	**Balance as at 1 April**	**(43,764)**
-	Opening balance adjustment	1,561
(9,203)	Upward revaluation of assets recognised in the Revaluation Reserve	(6,396)
712	Downward revaluation of assets and impairment losses charged to the Revaluation Reserve	1,754
-	Accumulated gains on assets sold	448
-	Difference between fair value depreciation and historical cost depreciation	(1,818)
194	Amount written off to the Capital Adjustment Account	-
(43,764)	**Balance as at 31 March**	**(44,579)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.
The Account also contains revaluations gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5 provides details of the sources of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024/25		2025/26
£000		£000
(113,106)	**Balance as at 1 April**	**(119,149)**
-	Opening balance adjustment	(1,561)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
4,325	Charges for depreciation and impairment of non-current assets	5,896
1,859	Revaluation (gains) / losses on Property, Plant and Equipment	4,915
91	Amortisation of intangible assets	143
(1,120)	Revenue expenditure funded from capital under statute	1,312
2,061	Revenue contribution to capital outlay	-
808	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	5,048
8,024	**Sub Total**	**17,314**
(193)	Adjusting amounts written out of the Revaluation Reserve	(2,265)
(80)	Movements in the market value of Investment Property	(15)
(273)	**Sub Total**	**(2,280)**
	Capital financing applied in the year:	
(3,426)	Use of the Capital Receipts Reserve to finance new capital expenditure	(3,742)
(5,145)	Use of the Major Repairs Reserve to finance new capital expenditure	(4,767)
(2,385)	Use of the Earmarked Reserves to finance new capital expenditure	(2,895)
482	Application of capital grants and other contributions to finance capital expenditure	(1,167)
(2,813)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(732)
(507)	Application of capital grants unapplied to finance capital expenditure	(1,523)
(13,794)	**Sub Total**	**(14,826)**
(119,149)	**Balance as at 31 March**	**(120,502)**

The Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2024/25 £000		2025/26 £000
3,613	**Balance as at 1 April**	**3,151**
(12,758)	Re measurement of the net defined benefit liability/(asset)	(2,816)
12,443	Impact of Asset ceiling	1,854
1,999	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1,451
(2,146)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,109)
3,151	**Balance as at 31 March**	**1,531**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure statement as it falls due from council tax 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	Non-Domestic Rates 2024/25 £000		Council Tax 2025/26 £000	Non-Domestic Rates 2025/26 £000
12	**(5,318)**	**Balance as at 1 April**	**(24)**	**(3,117)**
(36)	2,201	Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(64)	4,816
(24)	**(3,117)**	**Balance as at 31 March**	**(88)**	**1,699**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund and Housing Revenue Account balances from accruing for compensated absences earned but not taken in the year, for example annual leave entitlement carried forward as at 31 March 2026. Statutory arrangements require that the impact on the General Fund and Housing Revenue Account Balance is neutralised by transfers to or from the Account.

2024/25 £000		2025/26 £000
211	**Balance as at 1 April**	**205**
(211)	Reversal of accrual made at the end of the preceding year	(205)
205	Amounts accrued at the end of the current year	251
205	**Balance as at 31 March**	**251**

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 have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains are lost or disposed of and the gains are realised.

2024/25 £000		2025/26 £000
265	**Balance at 1 April**	**(61)**
(326)	(Upward)/Downward revaluation of investments	(255)
-	Downward/ Upward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-
(61)	**Balance at 31 March**	**(316)**

24. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2024/25	**Cash Flow Statement – Operating Activities**	**2025/26**
£000		**£000**
(3,224)	Interest Received	(2,450)
2,057	Interest Paid	1,966
(1,167)	**Net interest included within the surplus on the provision of services**	**(484)**

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

2024/25 £000		2025/26 £000
4,416	Depreciation and Amortisation of Asset	6,039
1,999	Movement in pension liability	(658)
(80)	Move' on Value of Investment Properties	15
1,859	Revaluation (Gains)/Losses on Property, Plant and Equipment	4,915
(250)	Net gain / loss on sale of fixed assets	(5,049)
2,061	Capital expenditure charged in year to the General Fund (DRF)	-
-	Statutory adjustments in respect of financial instruments	256
(1,108)	Reversal of unapplied capital grants credited to CIES	-
482	Reversal of applied capital grants credited to CIES	(1,167)
(1,120)	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	(1,312)
734	Other Movements	65
2,177	Reversal of Collection Fund Adjustments – CT and NDR	4,752
(5)	Accumulated Absences	46
(2,692)	Increase / (Decrease) in Creditors	6,442
1,044	(Increase) / Decrease in Debtors	(2,892)
15	(Increase) / Decrease in Stocks and WIP	(1)
9,532	**Adjustments for non-cash movements**	**11,451**

25. Cash Flow Statement – Investing Activities

2024/25 £000		2025/26 £000
15,644	Purchase of property, plant and equipment, investment property and intangible assets	(14,351)
2,713	Other payments for investing activities	-
1,061	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,555
-	Other receipts from investing activities	(5,851)
19,418	**Net cash flows from investing activities**	**(17,647)**

26. Cash Flow Statement – Financing Activities

2024/25 £000		2025/26 £000
2,450	Cash Receipts of Short- & Long-Term Borrowing	2,450
462	Cash Payments for the Reduction of the Outstanding Pension Liabilities	1,620
-	Other Payments for Financing Activities	(6,797)
2,912	**Net cash flows from financing activities**	**(2,727)**

27. Expenditure and Funding Analysis

(a) The Expenditure and Funding Analysis shows how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Boards. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Expenditure and Funding Analysis brings together the authority's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund and HRA.

The Expenditure and Funding Analysis: -
- shows for each of the authority's boards a comparison of the net resources applied and the net charge against council tax, and
- provides the opportunity to explain significant differences between the two within the authority's framework for accountability.

2024/25	2024/25	2024/25		2025/26	2025/26	2025/26
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	Expenditure and Funding Analysis	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
£000	£000	£000		£000	£000	£000
412	-	412	Executive Board	-	-	-
7,124	1,170	8,294	Community and Environment Board	6,696	1,463	8,160
182	-	182	Planning and Development Board	(387)	-	(387)
34	-	34	Licensing Committee	104	-	104
4,878	(140)	4,738	Resources Board – Services	1,168	745	1,913
1,486	291	1,777	Resources Board – Recharged Services	6,917	337	7,254
(1,702)	682	(1,020)	Resources Board – Housing Revenue Account	(2,990)	5,025	2,035
12,414	**2,003**	**14,417**	**NET COST OF SERVICES**	**11,508**	**7,570**	**19,079**
(19,673)	1,430	(18,243)	Other Income and Expenditure	(24,289)	4,181	(20,108)
(7,259)	**3,433**	**(3,826)**	**(Surplus) or Deficit**	**(12,781)**	**11,751**	**(1,029)**
(28,400)			Opening General Fund and HRA Balances	(33,251)		
2,408			Use of Reserves to fund Capital Expenditure	2,611		
(7,259)			Less (Surplus) / Deficit on General Fund and HRA balance in Year	(12,781)		
(33,251)			**Closing General Fund and HRA Balance at 31.03.2026**	**(43,421)**		

The table below further analyses the Adjustments between the Funding and Accounting Basis.

Expenditure and Funding Analysis - adjustments between the funding and accounting basis	2025/26	2025/26	2025/26	2025/26
	Adjustment for Capital Purposes	Net charge for Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Executive Board	-	-	-	-
Community and Environment Board	1,463	-	-	1,463
Planning and Development Board	-	-	-	-
Licensing Committee	-	-	-	-
Resources Board – Services	1,403	(694)	36	745
Resources Board – Recharged Services	336	-	-	338
Resources Board – Housing Revenue Account	9,240	(123)	10	9,127
NET COST OF SERVICES	**12,442**	**(817)**	**46**	**11,673**
Other Operating Income and Expenditure	2,494	-	-	2,494
Financing and Investment Income and Expenditure	(15)	159	(256)	(112)
Taxation and Non-Specific Grant Income and Expenditure	(2,222)	-	4,752	2,530
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit on the Provision of Services	**12,699**	**(658)**	**4,542**	**16,585**

Expenditure and Funding Analysis – adjustments between the funding and accounting basis	2024/25	2024/25	2024/25	2024/25
	Adjustment for Capital Purposes	Net charge for Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Executive Board	-	-	-	-
Community and Environment Board	1,170	-	-	1,170
Planning and Development Board	-	-	-	-
Licensing Committee	-	-	-	-
Resources Board – Services	1,971	479	(2,589)	140
Resources Board – Recharged Services	291	-	-	291
Resources Board – Housing Revenue Account	(443)	1,353	(228)	682
COST OF SERVICES	**2,989**	**1,832**	**(2,817)**	**2,003**
Other Operating Income and Expenditure	(250)	-	-	(250)
Financing and Investment Income and Expenditure	(80)	167	(326)	(239)
Taxation and Non-Specific Grant Income and Expenditure	(258)	-	2,177	1,919
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit on the Provision of Services	**2,401**	**1,999**	**(966)**	**3,433**

Adjustment for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- *Other operating expenditure* – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- *Financing and investment income and expenditure* – the statutory charges for capital financing 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 receivable in the year 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 which conditions were satisfied in the year.

Net Change for the Pension Adjustments

Net change 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 authority as allowed by statute and the replacement with current service costs and past service costs.
- For *Financing and investment income and expenditure* – the net interest on the defined benefit liability is charged to the Consolidated Income and Expenditure Statement.

Other Statutory Adjustments

Other statutory adjustments 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 statutory adjustments 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 received 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.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited / credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For *financing and investment income and expenditure* the other non-statutory adjustments column recognises adjustments to service segments e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For t*axation and non-specific grant income and expenditure* the other non-statutory adjustments column recognises adjustments to service segments e.g. for un-ringfenced government grants.
- The Council's governance arrangements are based on a committee model, which uses Service Boards / Committees. Reporting is undertaken on this basis.

Income received on a segmental basis is analysed below: -

Revenues from Services £000	Interest Revenue £000	Interest Expense £000	Segmental analysis	Revenues from Services £000	Interest Revenue £000	Interest Expense £000
(1)			Executive Board			
(3,382)	-	-	Community and Environment Board	(3,773)	-	-
(1,087)	-	-	Planning and Development Board	(1,281)	-	-
(95)	-	-	Licensing Committee	(108)	-	-
(1,302)	-	-	Resources Board – Services	(430)	-	-
(253)	-	-	Resources Board – Recharged Services	(506)	-	-
(14,440)	-	-	Resources Board – Housing Revenue Account	(14,772)	-	-
-	(7,582)	6,897	Financing and Investment Income and Expenditure	(9,418)	(2,450)	7,906
(20,560)	**(7,582)**	**6,897**	**Total**	**(30,288)**	**(2,450)**	**7,906**

(b) Expenditure and Income analysed by Nature

The authority's expenditure and income is analysed as follows: -

2024/25		2025/26
£000	Expenditure and Income	£000
	Expenditure	
17,697	Employee Expenses	16,732
10,555	Other Service Expenses	24,281
8,584	Rent Allowances and Housing Benefit Payments	7,517
5,407	Depreciation, Amortisation and Impairment	6,039
(1,120)	Revenue Expenditure Funded from Capital Under Statute	1,312
0	Revaluation (Gains)/Losses on Property, Plant and Equipment	4,915
(78)	Gains/Losses on disposal of non-current assets	2,494
1,264	Parish Precepts	1,367
42,387	**Total Expenditure**	**64,657**
	Income	
(19,317)	Fees, Charges and Other Service Income	(30,260)
(7,582)	Interest and Investment Income	(2,450)
(7,675)	Income from Council Tax and NDR	(12,312)
(11,560)	Government Grants and Contributions	(20,664)
(46,212)	**Total Income**	**(65,686)**
(3,825)	**(Surplus)/Deficit on Provision of Services**	**(1,029)**

28. Agency Services

Coventry City Council provided a payroll service to the Council in 2025/26, for which we paid a charge of £15,754.50 (£16,823 in 2024/25).

29. Pooled Budgets

Building Control Partnership

From April 2019, the Council has been a member of the Central Building Control Partnership. The Partnership covers six councils - Lichfield District Council, Tamworth Borough Council, South Staffordshire Council, South Derbyshire District Council, Nuneaton and Bedworth Borough Council and North Warwickshire Borough Council. In 2025/26 the authority made a payment to the Building Control partnership of £96k (in 2024/25 we paid £51k).

Heart Partnership

We are part of a shared service for the delivery of an integrated Home Environment Assessment & Response Team (HEART) service. The overall aims and objectives of the shared service is to bring together housing and occupational therapy services in an integrated team which delivers Home Improvement Agency Services and housing adaptations for disabled and older people in Warwickshire. Participants in the shared service arrangement are North Warwickshire Borough Council, Warwickshire County Council, Rugby Borough Council, Nuneaton and Bedworth Borough Council, Stratford District Council and Warwick District Council.

The partnership formalised in 2016/17, and the relevant finances of the authorities involved were brought together in a pooled budget arrangement. The Heart Partnership is hosted by Nuneaton and Bedworth Borough Council and provides services to each of the Councils involved. The partnership reports to a Steering Group which is made up of elected members and officers from all partner authorities. The table below shows the actual spend position during 2025/26 and carried forward grant.

2024/25 £000		**2025/26 £000**
1,202	Balance of funding retained by the Heart Shared Service	**1,460**
986	Budget – Disabled Facilities Grant	1,055
(728)	Spend by the Heart Shared Service on behalf of NWBC	(1,374)
1,460	**Balance of funding carried Forward by the Heart Shared Service**	**1,141**

The above unspent balance is being carry forward in the Financial Statements within reserve debtors and capital grants unapplied until it is spent by the Heart shared service on behalf of North Warwickshire Borough.

30. Members' Allowances

The Council paid the following amounts to members of the Council during the year.

	2024/25	**2025/26**
	£000	**£000**
Allowances	256	270
Expenses	2	2
Total	**258**	**272**

31. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2025/26 Job Title	Salaries, Fees and Allowances (£)	Expenses Allowances (£)	Pensions (£)	Total (£)
Chief Executive	136,456	3,456	27,973	167,885
Corporate Director – Resources (Interim Agency)	218,880	-	-	218,880
Corporate Director – Streetscape (Interim Agency) (1st April 2025 to 19th August 2025)	85,203	-	-	85,203
Corporate Director – Streetscape (Interim Agency) (23rd July 2025 to 31st March 2026)	145,425	-	-	145,425

2024/25 Job Title	Salaries, Fees and Allowances (£)	Expenses Allowances (£)	Pensions (£)	Total (£)
Chief Executive	132,225	3,456	27,106	162,787
Corporate Director – Resources (Interim Agency) (to 27th March 2025)	193,050	-	-	193,050
Corporate Director – Resources (Interim Agency) (from 21st March 2025)	960	-	-	960
Corporate Director – Streetscape (Interim Agency)	221,850	-	-	221,850

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

Employee Pay Bands	2024/25 staff numbers	2025/26 staff numbers
£50,000-£54,999	2	2
£55,000-£59,999,	4	5
£60,000-£64,999	2	-
£65,000-£69,999	-	1
£80,000-£85,999	-	1
£75,000-£79,999	1	
£80,000-£84,999 (agency)	-	1
£120,000-£124,999 (agency)	1	-
£125,000-£129,999 (agency)	1	-
£160,000-£164,999 (agency)	-	1
Total	11	11

The number of exit packages with total costs per band and total cost of the compulsory and other redundancies are set out in the table below and note 38.

Exit packages cost band	Number of compulsory redundancies		Total cost of exit packages for compulsory redundancies by cost band	
	2024/25	2025/26	2024/25	2025/26
			£	£
£0 – £20,000	2	-	14,090.45	-
Total	**2**	**-**	**14,090.45**	**-**

The total costs of £14k in the table above has been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

32. External Audit Costs

We pay audit fees for work undertaken on the audit of the Statement of Accounts and statutory inspections. Our appointed auditors for 2025/26 are Azets LLP.

The table below indicates the costs incurred, or to be incurred, on the audit of the 2025/26 accounts.

Type of Audit Work	2024/25 £000	2025/26 £000
Fees payable to Azets LLP with regard to external audit services carried out for the year	145	149
Additional fees payable to Azets LLP for work on 2023/24 Audit	20	-
Additional fees payable to Azets LLP for work on 2024/25 Audit	-	38
Total	**165**	**187**

33. Grant Income

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

2024/25	Credited to Taxation and Non-Specific Grant Income	2025/26
£000		**£000**
(2,106)	Non-Domestic Rates	-
(824)	Lower Tier Services Grant	-
(86)	Revenue Support Grant	(106)
(13)	Services Grant	-
-	Section 31 Grants	(7,751)
-	Extended Producer Responsibility	(732)
-	Funding Floor Grant	(642)
-	Extended Producer Responsibility Top up Grant	(156)
-	Recovery Grant	(91)
-	Employers NI Contribution Scheme	(101)
-	New Homes Bonus	(10)
(3,029)	**Total**	**(9,589)**

2024/25	Credited to Services	2025/26
£000		**£000**
(4,543)	Rent Allowances Subsidy	(4,069)
(3,840)	Housing Rent Rebates	(3,163)
(1,469)	UK Shared Prosperity Fund Grant	(216)
(293)	Homelessness Prevention Grant (HPG)	(374)
(192)	New Homes Bonus Scheme	-
(168)	UKP	-
(128)	Benefits Administration Grant	(127)
(120)	National Non-Domestic Rates Administration Grant	(125)
(415)	Other Grants less than £100k	(304)
(11,168)	**Total**	**(8,378)**

2024/25	Capital Grants & Contributions Applied	2025/26
£000		£000
-	S106 Recognised in I&E	(1,634)
(507)	Disabled Facilities Grant (DFG)	(1,055)
(507)	**Total**	**(2,689)**

2024/25	Capital Grants Received in Advance.	2025/26
£000		£000
	Included in Capital Grants Unapplied & Short-Term Liabilities	
(1,467)	Disabled Facilities Grant (DFG)	(1,149)
(850)	Defra Food Waste	(382)
(1)	Green Homes	(1)
(3,243)	Section 106	(2,108)
-	UK Shared Prosperity Fund Grant - Capital	(171)
(5,561)	**Total Capital Grants receipts in advance**	**(3,811)**

2024/25	Revenue Grants Receipts in Advance	2025/26
£000		£000
	Included in Short Term Liabilities	
-	UK Shared Prosperity Fund Grant - Revenue	(44)
-	**Total**	**(44)**

Covid Grants

The government provided a range of financial support packages throughout the COVID-19 pandemic. The Council received some funding towards its own costs and to offset loss of income. We also received financial support for the additional costs of administering other support packages, to both businesses and individuals.

The Council considers that accounting for the grant schemes as an agent is appropriate where: the Council is administering the distribution of the grant; is fully reimbursed for delivering that funding (and the authority is not liable for any overpayments); and the amount of the award is predetermined based on business rate relief or rateable value. This indicates that the authority is acting as an intermediary for the Department for Business, Energy and Industrial Strategy (BEIS) and does not have 'control'. Similarly, this is also the case for the Test and Trace grants awarded for the Department for Work and Pensions (DWP).

Where the Council has acted as an agent, the grant has not been reported as income and expenditure, and balances relate only to sums due to or from the authority. Where the Council has discretion over the businesses to support and the amount of the award, it is acting as a principal as opposed to acting as an agent, and transactions have been included in the financial statements.

The following table summarises the final position for each of the grant support schemes in remaining active 2025/26.

Grant	Government Funding Remaining	Grant Repaid to Government	Balance Due from Government
	£'000	£'000	£'000
Reconciliation of all Grants 20-21 & 21-22 – BEIS has agreed to pay in 2024-25	-	-	41
Total Agent (BEIS)	**-**	**-**	**41**

34. Related Parties

We are required to disclose material transactions with related parties – these are 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 we operate and provides a significant proportion of our funding in the form of grants and prescribes the terms of many of the transactions that we have with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 30.

Other Public Bodies (subject to common control by central government)

We have a pooled budget arrangement with 5 other Councils (Lichfield, Tamworth, South Derbyshire, South Staffordshire and Nuneaton and Bedworth) for the provision of building control services and with other Warwickshire Authorities for the delivery of the Heart Shared Service. Transactions and balances outstanding are detailed in Note 29.

Six Borough Councillors were also Warwickshire County Councillors in 2025/26. During the year, we paid £3,657,647 (£3,292,619 in 2024/25) to Warwickshire County Council for services including: pensions, land charges, arboriculture services, trade refuse disposal, Tree Officer works, contribution to the costs of Lower House Farm recycling facility, Section 106 payments and leisure facilities. Income of £873,079 (£712,234 in 2024/25) was received from the County Council for grass cutting, schools trade refuse, School Swimming Lessons, for a hospital liaison officer post, part occupation of Council Offices, Homeless Project, and recycling activities.

One Borough Councillors were also on Atherstone Town Council in 2025/26. Income of £58,127 (£35,696 in 2024/25) was received from Atherstone Town Council, for the monitoring of their CCTV cameras within the town, hire of the Council House Offices for use by the Town Council and for some grounds maintenance work. Payments of £2,160 (£18,515 in 24/25) were made to Atherstone Town Council towards for some Community Grants.

Two Borough Councillors were also on Coleshill Town Council in 2025/26. Income of £2,947 (£2,388 in 2024/25 for the provision of a trade refuse service and two town council by-elections) was received from Coleshill Town Council, for the provision of a trade refuse service. Payments of £2,986 (£2,581 in 2024/25 for a grant towards Coleshill VE Day and hire of rooms for WCC and PCC Elections) for room hire for elections and a councillor Community fund grant.

During the year a payment of £16,901 (£31,600 in 2024/25) was made to North Warwickshire Citizens Advice Bureau. The Borough Council was represented on the North Warwickshire Citizens Advice Bureau by 1 Borough Councillor. The transaction represents a contribution to the running expenses of the organisation. The Member recorded an interest in the Register of Members Interests, which is open to public inspection at the Council Offices during office hours.

The Council is a non-constituent member of the West Midlands Combined Authority (WCMA). The WMCA is a group of councils across the region that is working together to seek greater decision-making powers from the government in a process known as devolution. In the Scheme sent to Government only constituent members have voting rights. Now the WMCA is established, constituent members could give voting rights to non-constituent members, for example, allowing them to vote on matters to do with economic development. Constituent members may only be signed up to one combined authority, whilst non-constituent members can be signed up to one or more combined authorities. In 2025/26 North Warwickshire Borough Council paid the WMCA a £30,000 contribution to help fund its programmes and initiatives (£30,000 in 2024/25).

Sherbourne recycling – Sherbourne Recycling was established in 2021 to develop and operate a new state of the art materials recycling facility in Coventry on behalf of eight local authorities (Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council). In 2021/22 the council purchased shares of £46,700 and has made no further loan advances in 2025/26 (in 2024/25 £0).

35. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with previous year's unfunded capital creditors. The resources that have been used to finance this expenditure are also shown.

Capital Expenditure and Financing		
	2024/25 £000	**2025/26 £000**
Opening Capital Financing Requirement	**62,195**	**61,387**
Capital Investment		
Property, Plant and Equipment	11,952	12,910
Intangible Assets	94	129
Revenue Expenditure Funded from Capital Under Statute	2,060	1,312
Total Expenditure	**14,106**	**14,351**
Sources of Finance		
Capital receipts	(3,426)	(3,742)
Government grants and other contributions	(1,145)	(2,690)
Earmarked revenue Reserve	(662)	-
Earmarked Capital Reserve	(1,723)	(2,895)
Major Repairs Reserve/HRA RCCO	(5,145)	(4,767)
Minimum Revenue Provision	(2,813)	(732)
Total Sources of Finance	**(14,914)**	**(14,826)**
Closing Capital Financing Requirement	**61,387**	**60,912**
Increase in underlying need to borrow:		
Unsupported/Prudential Borrowing	2,005	257
Decrease in underlying need to borrow:		
Minimum Revenue Provision	(2,813)	(732)
Increase/(Decrease) in Capital Financing	**(808)**	**(475)**

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is shown below.

CFR (as per Prudential Code)	**2024/25 £000**	**2025/26 £000**
Long Term Assets	224,300	225,993
Revaluation Reserve	(43,764)	(44,579)
Capital Adjustment Account	(119,149)	(120,502)
Capital Financing Requirement	**61,387**	**60,912**

36. Leases

Council as Lessee

Finance Leases

The Council has no finance leases where the council is the lessee.

Operating Leases

We have a Land and Building lease. This relates to some industrial units known as Units 18-39 Innage Park, Atherstone, which we sub-let. The properties were returned to the owners in June 23.

The future minimum sublease payments expected to be received by the Council are shown in the table below, along with the expenditure in relation to these leases during the year. Both the income and expenditure are included within the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Council as Lessor

Finance Leases

The Council hasn't leased out any assets under finance leases.

Operating Leases

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

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

31 March 2025 £000		31 March 2026 £000
261	Not later than one year	262
189	Later than one year and not later than five years	190
4,161	Later than five years	4,254
4,611	**Total**	**4,706**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into such as adjustments following rent reviews. In 2025/26, £102,455 contingent rents were receivable by the Council (£100,155 in 2024/25).

The Council has assessed the impact of IRFS 16 (Leases) and has concluded that it does not have any materials embedded leases or PFI contracts.

37. Impairment Losses

We are required to disclose by class of assets the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 10 and 13 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

There were no material impairment losses recognised during 2025/26 (Nil 2024/25).

38. Termination Benefits

The Council terminated the contracts of 0 employees in 2025/26, incurred liabilities of £0.00 (£14,090.45 in 2024/25) – see Note 31 for the number of exit packages and total cost per band. Payments were made to 1 employee from Recycling and 1 employee from Grounds Maintenance.

39. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

We participate in the Local Government Pension scheme administered locally by Warwickshire County Council. This is a funded defined benefit salary scheme meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The scheme was a final salary scheme until 31 March 2014 and then changed to a career average scheme from 1 April 2014.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

In addition, there are arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there will be no investment assets built up to meet these pension liabilities, and cash must be generated to meet actual pension's payments as they eventually fall due. These costs are included in the following figures.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The cumulative amount of actuarial gains and losses recognised in other Comprehensive Income and Expenditure in the actuarial gains and losses on pension assets and liabilities line was a gain of £2.8m at 31 March 2026 and has been adjusted for the Asset Ceiling(£1.8m) calculation to a gain of £1m (£315k at 31 March 2025).

Net Pensions Liability

2024/25					2025/26			
Assets £000	**Obligations £000**	**Effect of Asset Ceiling £000**	**Net Liability £000**		**Assets £000**	**Obligations £000**	**Effect of Asset Ceiling £000**	**Net Liability £000**
98,173	**(88,227)**	**(13,559)**	**(3,613)**	**Opening balance as at 1st April**	**100,151**	**(76,649)**	**(26,653)**	**(3,151)**
				Service Cost and Interest				
-	(1,822)	-	(1,822)	Current service cost	-	(1,402)	-	(1,402)
-	(10)	-	(10)	Past service cost	-	-	-	-
-	-	-	-	Effect of Settlements	-	-	-	-
-	-	-	-	Administration expenses	-	-	-	-
4,685	(4,201)	(651)	(167)	Net Interest	5,781	(4,395)	(1,545)	(159)
4,685	**(6,033)**	**(651)**	**(1,999)**	**Total defined benefit cost recognised in Surplus or deficit on the provision of Services**	**5,781**	**(5,797)**	**(1,545)**	**(1,561)**
				Contributions and Benefits paid				
581	(581)	-	-	Employees	615	(615)	-	-
2,023	-	-	2,023	The Council	2,109	-	-	2,109
(3,602)	3,725	-	123	Benefits paid	(3,688)	3,798	-	110
(998)	**3,144**	**-**	**2,146**	**Employer's contributions payable to scheme**	**(964)**	**3,183**	**-**	**2,219**
				Remeasurements				
-	13,450	-	13,450	Changes on financial assumptions	-	2,331	-	2,331
-	154	-	154	Changes in demographic assumptions	-	1,741	-	1,741
-	863	-	863	Other experience	578	(6,636)	-	(6,058)
(1,709)	-	-	(1,709)	Return on assets excluding amounts included in net interest	4,802	-	-	4,802
-	-	(12,443)	(12,443)	Changes in the effect of the asset ceiling	-	-	(1,854)	(1,854)
(1,709)	**14,467**	**(12,443)**	**315**	**Post Employment benefits charged to other Comprehensive Income and Expenditure**	**5,380**	**(2,564)**	**(1,854)**	**962**
100,151	**(76,649)**	**(26,653)**	**(3,151)**	**Closing position as at 31st March (Liability)Asset**	**110,348**	**(81,827)**	**(30,052)**	**(1,531)**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £10.583m (£2.976m in 2024/25).

Scheme History - Pensions Assets and Liabilities recognised in the Balance Sheet

	31 March 2022 £000	**31 March 2023 £000**	**31 March 2024 £000**	**31 March 2025 £000**	**31 March 2026 £000**
Present value of the defined benefit obligation	(118,938)	(87,468)	(88,227)	(76,649)	(81,827)
Fair value of Plan assets	93,393	91,914	98,173	100,151	110,348
Asset Ceiling reduction	-	-	(13,559)	(26,653)	(30,052)
Net Asset / (liability) arising from defined benefit obligation	**(25,545)**	**4,446**	**(3,613)**	**(3,151)**	**(1,531)**

The Assets / (liabilities) show the underlying commitments that we have in the long run to pay post-employment (retirement) benefits. The total asset of £110.348m has an impact on the net worth of the Council as recorded in the Balance Sheet. This surplus would impact upon our reserves only if it all fell due at the same time. However, statutory arrangements for funding the surplus mean that the financial position of the Council remains healthy – the surplus on the scheme will be made good by decreasing contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

In 2026/27 the estimated contributions expected to be paid to the scheme after the Balance Sheet date is £2.066m.

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 and so on. The liabilities of the Warwickshire County Council Fund have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates for the County Council Fund being based on the latest valuation of the scheme as at 31 March 2026. These figures do not include any limits imposed by IFRIC interpretation IAS 19.

The main assumptions used by the actuary for estimating assets and liabilities are:

NWBC Pension Scheme 31-Mar-25		NWBC Pension Scheme 31-Mar-26
	Mortality assumptions:	
	Longevity at 65 for current Pensioners (years):	
20.7	Men	21.4
23.7	Women	24.1
	Longevity at 65 for future Pensioners (years):	
21.4	Men	21.9
25.4	Women	25.7
2.80%	Rate of Inflation (CPI)	3.00%
3.80%	Rate of Increase in salaries	4.00%
2.80%	Rate of increase in pensions	3.00%
5.80%	Rate for 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 or women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis

Change in assumptions at 31 March 2026	Approx % increase to Defined Benefit Obligation	Approx monetary amount £'000
0.1% decrease in Real Discount Rate	1.00%	1,152
1 year increase in member life expectancy	4.00%	3,273
0.1% increase in the Salary increase rate	0.00%	62
0.1% increase in the Pension interest rate	1.00%	1,088

The table below details the pension scheme's assets consisting of the following categories, by value and proportion of the total assets held.

NWBC Pension			NWBC Pension	
31 March 2025			31 March 2026	
£'000	%		£'000	%
11,323	11.30%	Debt Securities - Corporate Bonds (Investment grade -Quoted)	11,280	10.00%
3,881	3.90%	Debt Securities- Other (Unquoted)	5,725	5.00%
7,106	7.10%	Private Equity (Unquoted)	7,258	7.00%
7,288	7.30%	Real Estate - UK Property (Quoted)	7,068	6.00%
1,003	1.00%	Real Estate - Overseas Property (Quoted)	686	1.00%
		Investment Funds and Unit Trusts:		
56,706	56.60%	Equities (Quoted)	43,561	39.00%
0	0.00%	Bonds (Quoted)	19,944	18.00%
9,134	9.10%	Infrastructure (Unquoted)	11,810	11.00%
3,710	3.70%	Cash and Cash Equivalents (Quoted)	3,016	3.00%
100,151	**100.00%**	**Total**	**110,348**	**100.00%**

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 agreed in 2021/22 a strategy with the schemes actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2026.

40. 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.

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

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

- *Credit Risk*

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

This risk is minimised through the Annual Investment Strategy which requires that deposits are not made with financial institutions unless they meet minimum credit criteria in accordance

with the Fitch, Moody's and Standard and Poor's Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

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

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

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

The Council's maximum exposure to credit risk in relation to investments in banks and building societies of £3 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the historical principal will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2026 that this was likely to crystallise.

The Council's exposure to credit risk on other financial assets relates to trade/sundry debtors. We do not allow credit for trade/sundry debtors so £818,471 of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2025 £000	**31 March 2026 £000**
Less than three months	281	334
Between three and six months	71	57
Between six months and one year	91	116
More than one year	135	312
TOTAL	**578**	**818**

The Council initiates a legal charge on property where clients cannot pay their debts and recovery action has been unsuccessful. The total collateral at 31 March 2026 was £2,305.

- *Liquidity Risk*

The Council uses cash flow analysis and risk management procedures to ensure that cash is available when needed.

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

Instead, the risk is that the authority will need to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The maturity analysis of financial liabilities is as follows:

	31 March 2025 £000	31 March 2026 £000
Less than one year	2,450	2,600
Between one years and two years	2,600	3,100
Between two and five years	9,250	10,430
Between five and ten years	17,579	15,299
Between ten and fifteen years	2,000	5,000
Between fifteen and twenty years	10,000	5,000
More than twenty years	-	-
Total	**43,879**	**41,429**

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All trade and other creditors are due to be paid in less than one year.

Liquid resources held by the Council are short-term investments and Shares in Sherbourne Recycling. These continue to be managed internally, with a limit on the amount that can be invested with any one institution in accordance with the authorised lending list. All investments at 31 March 2024 were held with banks, building societies and other local authorities. At 31 March 2026 the Council had short-term investments of £27,374 million.

	31 March 2024 £000	31 March 2026 £000	Change in year £000
Short Term Investments	21,523	27,374	5,851
Total	**21,523**	**27,374**	**5,851**

- *Market Risk*

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

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowings will fall (no impact on revenue balances)
- 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 (no impact on revenue balances).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. Policy is to assess the likelihood of movements in interest rates, when taking decisions on variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	
- Money market Funds	20
- Ultra Short term dated bonds	60
Net impact on the (Surplus) / Deficit on the provision of services	**80**

The approximate impact of a 1% fall in interest rates would be as above but with the movement being reversed.

We borrowed from the Public Works Loans Board to make the Housing Self Financing Settlement payment. We currently have no other long term external borrowing, as we have chosen to make use of the reserves we hold, and finance borrowing internally. We continue to monitor market rates at the moment, ready for when the Council needs to borrow in the future.

41. Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The last published revision of the Medium-Term Financial Strategy was undertaken in February 2026. The Council continues to review its Medium-Term Financial Strategy, with a further update due when the 2027/28 Tax is set in February 2027. General reserves are held to provide a contingency for unavoidable or unforeseen expenditure and also gives stability for longer term planning. The level of general reserves held is based on an assessment of the financial risks attached to the budget. The Council's prudent minimum balance on the General Fund is £1.2 million.
The Medium-Term Financial Strategy is based on balances being retained at this level over the period of the plan.

Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

42. Materials Recycling Facility

On the 1 April 2021, the Council entered into a number of key legal agreements including but not limited to the Shareholders Agreement and Loan Facility Agreement in relation to Sherbourne Recycling Limited - this is a cross-authority owned Materials Recycling Facility designed to process each authority's kerbside collected recyclate. As one of 8 shareholders, North Warwickshire Borough Council made an equity investment of £46,700 for their 4.7% share in Sherbourne Recycling Limited (SRL).

Over the course of the next 24 months, SRL will draw down the loan facility with the Council for a maximum amount of £2.818m, scheduled based on the payment of milestones by civils, process equipment and other contractors involved in the construction and operation of the company.

All interest accrued during this construction phase will be capitalised and added to the principal at the end of construction phase. Once operational the principal and interest will be

repaid over the next 25 years in line with the terms of the Loan Facility Agreement. The facility went operational from October-2023.

Coventry City Council has entered into a Financial Payment Guarantee with each contractor on behalf of Sherbourne Recycling Limited (the “Company”); to guarantee the company’s obligation to pay each contractor for the works to be provided under each respective contract. Each Partner Council has agreed by entering into the Shareholder’s Agreement, that they will indemnify Coventry City Council for any loss or liability arising under or in connection with the Financial Payment Guarantee in proportion with their respective shareholding.

North Warwickshire Borough Council

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and grants. Councils charge rents to cover expenditure 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.

Actual 2024/25 £000		Actual 2025/26 £000	Note
	EXPENDITURE		
4,654	Repairs and Maintenance	4,179	5
	Supervision and Management		
1,541	- General	412	
1,030	- Special Services	291	
4,736	Depreciation, Impairment and revaluation losses of non-current assets	9,141	9&10
0	Support Recharges	2,655	14
476	Employers pension contributions and IAS 19 adjustments	(123)	11
37	Movement in the allowance for bad debts	53	13
1,089	Revenue contribution to Capital Outlay	-	
2	Revenue Expenditure Funded from Capital under Statute	241	
13,565	**TOTAL EXPENDITURE**	16,849	
	INCOME		
(13,893)	Dwelling rent	(14,234)	12
(390)	Non-dwelling rent	(389)	
(102)	Charges for Services and Facilities	(294)	
-	Grant for New Build	-	
-	Debt Management New Borrowing	-	
(14,385)	**TOTAL INCOME**	(14,917)	
(820)	**Net Expenditure/ (Income) of HRA Service as included in the Comprehensive Income and Expenditure Statement**	**1,932**	
(201)	HRA service share of Corporate and Democratic Core	103	
(1,021)	**Net Income/cost for HRA Services**	**2,035**	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(110)	Gain on sale of HRA non-current assets	(490)	
1,804	Interest payable and similar charges	1,795	14
(241)	Interest and Investment Income	(191)	15
11	Pension interest cost and expected return on pension assets	24	
443	**(Surplus) or Deficit for the year on HRA Services**	**3,173**	

North Warwickshire Borough Council

Movement on the Housing Revenue Account Statement

This shows how the surplus/deficit on the HRA Income and Expenditure statement reconciles to the movement on the Housing Revenue Account Balance for the year.

2024/25 £000		2025/26 £000
(1,315)	**Balance on the HRA at the end of the previous year**	**464**
444	(Surplus)/ Deficit for the year on the HRA Income and Expenditure Statement	3,173
	Adjustments between accounting basis and funding basis under statute	
(2,967)	Depreciation and Impairment	(4,211)
-	Movement in the market value of Investment Properties	19
(776)	Non-current assets written off on disposal	(2,029)
(1,769)	Revaluation (Gains)/Losses on Property, Plant and Equipment	(4,930)
-	Revenue expenditure funded from Capital under statute	(241)
(2)	Administrative cost of non-current asset disposals	(25)
3,858	Transfer to/from Major Repairs Reserve	4,244
889	Transfer of sale proceeds from revenue to the Capital Receipts Reserve	2,544
2,585	Minimum Revenue Provision	360
4	Holiday Pay	(10)
(487)	Reversal of items relating to retirement benefits and employer's pensions contributions in the year	99
1,779	**Net (Increase) or decrease before transfers to or from reserves**	**(1,007)**
-	Transfers to or (from) reserves	-
1,779	**(Increase) or decrease in year on the HRA**	**(1,007)**
464	**Balance on the HRA at the end of the current year**	**(543)**

North Warwickshire Borough Council

Notes to the Housing Revenue Account (HRA) Statements for the Year Ended 31 March 2026

1. Legal Obligation

We are obliged by law to avoid a deficit on this Account and achieve this by keeping a working balance on the Account. This Account reflects the statutory obligation to account separately for the housing provision, in particular Schedule 4 of the Local Government and Housing Act 1989.

2. Housing Stock

We were responsible for managing an average of 2,576 dwellings during 2025/26, consisting of the following:

2024/25		2025/26
1,329	Houses	1,319
635	Flats	630
617	Bungalows	622
2,581	**Total at 31 March**	**2,571**
	The change in stock was as follows:	
2,573	Stock at 1st April	2,581
(9)	less Sales	(26)
-	Demolitions	-
-	Conversions & Other	4
17	New Build	5
-	New Build – Gifted Units	7
2,581	**Stock at 31 March**	**2,571**

3. Assets held within the Housing Revenue Account

We hold assets within our HRA valued at £197,727 million as at 31 March 2026. The value of each type of asset and the split between operational and non-operational assets are set out below.

Balance as at 31 March 2025 £000	Asset Type	Balance as at 31 March 2026 £000
1,131	Land	3,373
186,594	Council Dwellings	187,334
478	Plant and Vehicles	433
6,804	Other Property	6,587
195,007	**Total**	**197,727**
132,396	Operational Assets – Dwellings	131,627
55,429	- Land	56,937
5,573	- Other Buildings	5,357
478	- Plant and Vehicles	433
1,131	Non-operational Assets	3,373
195,007	**Total**	**197,727**

The value of land within our housing stock is estimated to be approximately 30% of the total net book value held within the Council's Asset Register.

The vacant possession value of our housing stock, including the land element, is £469,063 million. This is different to the gross book value of the assets included within the balance sheet of £187,625 million which is based upon the continuing use of housing for social use. The difference between the two amounts is the economic cost of providing council housing at less than open market value.

4. Major Repairs Reserve

Whilst in the National Housing Pool, we received a Major Repairs Allowance from the Government to be used for capital spending on HRA assets. This allowance was held within the Major Repairs Reserve. From April 2013 a contribution has been made from the HRA into the Major Repairs Reserve and the movement in the year is detailed below.

2024/25 £000		2025/26 £000
(1,844)	Balance as at 1 April	(557)
(3,858)	Transfer into Reserve – Depreciation	(4,102)
-	Transfer into Reserve – Appropriation	-
5,145	To finance Capital Expenditure	4,625
(557)	**Balance as at 31 March**	**(34)**

5. Housing Repairs Reserve

The Housing Repairs Reserve exists to provide for repairs and maintenance to council dwellings. The movement on the fund in the year is £0 and is detailed below:

2024/25 £000		2025/26 £000
(434)	Balance as at 1 April	(131)
(4,349)	Contributions from HRA	(4,179)
4,741	Use of Fund	4,179
(89)	Reversal of Pensions and Depreciation	-
(131)	**Balance as at 31 March**	**(131)**

The contribution from the Housing Revenue Account is different to the repairs and maintenance figure in the HRA Income and Expenditure Statement due to the reversal of a pension's adjustment and the use of the repairs reserve balance.

6. Earmarked Capital Reserve

The Earmarked Capital Reserve exists to be used for capital spending on HRA assets. The movement in the year is detailed below:

2024/25 £000		2025/26 £000
-	Balance as at 1 April	(123)
(123)	Contributions from HRA	-
-	Contributions from MRR	-
-	Other Receipts	-
-	Use of Reserve	123
(123)	**Balance as at 31 March**	**-**

7. Capital Expenditure and Income

We undertake a programme of works in relation to our HRA property and, in 2025/26, spent £10,423,270 (£11,506,706 in 2024/25). This expenditure was used to fund work on council houses, garages and community centres of £7,526,952 (£8,238,678 in 2024/25) and new housing of £2,896,318 (£3,268,028 in 2024/25). Capital spending during the year has been paid for from a number of sources and these are shown below:

2024/25 £000	Source of Funding	2025/26 £000
(5,145)	Major Repairs Reserve	(4,767)
(158)	Capital Receipts	(843)
(3,268)	Capital Receipts – New Build	(2,896)
-	Deminimus & Deferred Charges	-
-	Capital Earmarked Reserves	(1,917)
(2,500)	Internal Prudential Borrowing	-
-	Grants and Contributions	-
(436)	Capital Creditors	-
(11,507)	**Total**	**(10,423)**

8. Disposal of Assets

We dispose of HRA property through the Right to Buy scheme. We also dispose of other assets as opportunity sales. During 2025/26 capital income of £2,544,209.46 was received from the sale of 26 council houses. (£869,100 for 9 houses and £20,072 repayment of discount in 2024/25).

9. Depreciation

The HRA is charged with an amount to recognise the level of depreciation incurred in the year on its HRA assets. For 2025/26 the amount of depreciation charged is as follows.

2024/25 Operational assets £000		2025/26 Operational assets £000
3,742	Council Dwellings	3,976
116	Other Property	126
100	Vehicles	109
-	Plant & Equipment	-
-	Deferred Charges	-
3,958	**Total**	**4,211**

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10. Revaluations / Impairment charges

There were no impairment charges during the year. However, there were revaluation gains of £1.046 million offset by revaluation losses of £5.976 million on the Council's housing stock. In overall terms revaluation losses of £4.930 million were debited to the Surplus or Deficit on the Provision of Services in the Housing Revenue Account.

11. Pensions

The 2004 Code of Practice requires that retirement benefits within the HRA be accounted for in a similar way to that shown within the Consolidated Income and Expenditure Statement. Due to a lack of consensus, the latest guidance (provided in 2003/04) gave several alternative accounting treatments and left it to each Council to decide how to account for IAS 26 within the HRA.

It is our view, pending the receipt of any new guidance, that as the entries on the HRA are defined by statute, there should be no effect on the overall financial position of the HRA. However, as IAS 26 requires that all services show the Current Service Cost of the benefits earned by its employees in the year, the Housing Revenue Account has been credited with an amount of £123k to reduce the costs of those benefits. This has then been reversed out elsewhere within the account.

12. Gross Rent Income (Dwellings)

This is the total rent income due for the year after allowances are made for empty properties was £14.234 million (£13.874 million in 2024/25). During the year 1.78 % of lettable properties were vacant (1.58% in 2024/25). Average rents were £117.30 a week in 2025/26 excluding service charges (£113.96 in 2024/25) on a 48-week basis, an increase of £3.34 or 2.93% over the previous year (£8.41 or 7.97% in 2024/25).

13. Rent Arrears

At 31 March 2026 the total rent in arrears was £230k which represents 1.61% of collectable rent income (£179k (1.29%) in 2024/25). The rent arrears figures are detailed below: -

2024/25 £000		2025/26 £000
	Arrears as at 31st March: -	
54	Present Tenants	103
125	Former Tenants	127
179	**Total Arrears**	**230**

The allowance for bad debts as at 31 March 2026 was £173k (£146k in 2024/25). £26k of debts were written off during the year (£48k of debts were written off in 2024/25) and an additional provision was made of £53k (£11k in 2024/25). In addition, the Council has decreased the provision for the non-collection of leaseholder service charges relating to maintenance works undertaken on leasehold properties by £0.5k (£25k increase in 2024/25). The movement on the bad debt provision in 2025/26 is £53k (£37k in 2024/25).

14. Charges for Borrowing

The Housing Revenue Account repaid £2,450k of the long-term borrowing it took out as part of the move to the Housing Self Financing system and £1,510k in interest payments on the borrowing still outstanding. The Housing Revenue Account took out no internal long-term borrowing in the year (£2,500k in 24/25). The Housing Revenue Account repaid £360k of internal borrowing. Any short-term borrowing needed to manage HRA cash flows during the year would be managed on a council basis, with a charge being made to the HRA for its share of the borrowing. The HRA did not require any short-term borrowing in 2025/26.

2024/25 £000		2025/26 £000
2,350	Repayment of Borrowing	2,450
	Repayment of Internal Borrowing	360
1,576	Interest Payments on Borrowing	1,510
3,926	**Total charges for borrowing**	**3,960**

15. Investment Income

We receive income from investments we hold during the year. The HRA contributes funds to these investments and receives a share of the income based upon the level of reserves held that relate to the HRA. For 2025/26 this amounted to £172k (£241k in 2024/25).

The HRA holds land at various locations in the Borough as investment assets. There was no revaluation increase or decrease in the land values (£15k increase in 2024/25 (1 parcel of land). In addition, we hold 9 shared ownership properties in Thorncliffe Way, Cornish Close & Digby Road as investment properties. During the year there was an increase in their valuations of £19k (£14k decrease in 2024/25). The revaluations are included in the Interest and Investment income. This will not be realised unless the properties are sold, so it is reversed out in the adjustments between accounting basis and funding basis under statue to arrive at the Housing Revenue Account balance at the end of the year.

North Warwickshire Borough Council

The Collection Fund - Income and Expenditure Statement for the Year Ended 31 March 2026

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates (NDR).

2024/25 Business Rates £'000	2024/25 Council Tax £'000	2024/25 Total £'000	Collection Fund	2025/26 Business Rates £'000	2025/26 Council Tax £'000	2025/26 Total £'000
			Income			
	(51,273)	(51,273)	Council Tax	-	(54,468)	(54,468)
(76,020)		(76,020)	Non-Domestic Rates	(79,096)	-	(79,096)
(76,020)	**(51,273)**	**(127,293)**	**Total amounts to be credited**	**(79,096)**	**(54,468)**	**(133,564)**
			Expenditure			
(1,458)	-	(1,458)	Transional Protection payments - non-domestic rates	171	-	171
			Precepts, demands and Shares			
40,047	-	40,047	Central Government	40,599		40,599
8,009	37,969	45,978	Warwickshire County Council	8,120	39,941	48,060
-	6,335	6,335	Warwickshire Police Authority	-	6,654	6,654
32,038	6,419	38,457	North Warwickshire Borough Council	32,479	6,685	39,164
			Charges to the Collection Fund			
(793)	(83)	(876)	Increase/(decrease) in allowance for impairment	411	311	722
220	455	675	Arrears Writtern Off	136	346	482
3,182	-	3,182	Increase/(decrease) in allowance for appeals	4,084	-	4,084
157	-	157	Interest Paid on Refunds	130	-	130
120	-	120	Charge to General Fund for allowable collection costs for non-domestic rates	125	-	125
-	-	-	Retained Energy Renewal Scheme	2	-	2
			Apportionment of previous year's estimated collection fund surplus/(deficit)			
-		-	Central Government	2,440	-	2,440
-	(79)	(79)	Warwickshire County Council	488	12	500
-	(13)	(13)	Warwickshire Police Authority	-	2	2
-	(13)	(13)	North Warwickshire Borough Council	1,952	2	1,954
81,522	**50,990**	**132,512**	**Total amount to be debited**	**91,136**	**53,954**	**145,090**
			Movements on the Collection Fund			
5,502	**(283)**	**5,219**	**(Surplus)/deficit arising during the year**	**12,040**	**(514)**	**11,526**
(13,295)	**91**	(13,204)	**(Surplus)/deficit bought forward at 1 April**	**(7,793)**	**(192)**	(7,985)
(7,793)	**(192)**	**(7,985)**	**(Surplus)/deficit Carried forward at 31 March**	**4,247**	**(706)**	**3,541**

Precepts and NDR (non-domestic Rates) share of Collection Fund (Surplus)/Deficit Balance carried forward						
2024/25 Share of 31 March 2025 Surplus	2024/25 Share of 31 March 2025 Surplus	2024/25 Total	Collection Fund	2025/26 Share of 31 March 2026 Surplus	2025/26 Share of 31 March 2026 Surplus	2025/26 Total
£'000	£'000	£'000		£'000	£'000	£'000
(3,896)	-	(3,896)	Central Government	2,123	-	2,123
(779)	(144)	(923)	Warwickshire County Council	425	(530)	(105)
-	(24)	(24)	Warwickshire Police Authority	-	(88)	(88)
(3,117)	(24)	(3,141)	North Warwickshire Borough Council	1,699	(88)	1,611
(7,793)	**(192)**	**(7,985)**	**(Surplus)/deficit Carried forward at 31 March**	**4,247**	**(706)**	**3,541**

Notes to the Collection Fund for the year ended 31 March 2026

1. Council Tax

Council Tax is calculated by estimating the amount of income required from the Collection Fund by the Borough Council, Warwickshire County Council and Warwickshire Police Authority for the forthcoming year and dividing this by the council tax base.

The council tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. For 2025/26 the base was calculated as follows:

Band	Estimated number of taxable properties after effect of discounts	Ratio	Band D equivalent Dwellings
A	4,545.70	6/9	3,027.81
B	5,826.50	7/9	4,531.72
C	5,575.00	8/9	4,955.56
D	3,647.74	9/9	3,647.74
E	2415.00	11/9	2,951.67
F	1,307.00	13/9	1,887.89
G	730.00	15/9	1,216.67
H	69.00	18/9	138.00
			22,357.05
Less adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding.			98.00%
COUNCIL TAX BASE 2025/26			**21,909.90**

On the basis of an average £2,369.41 council tax rate throughout the North Warwickshire Borough Council area, the original estimated council tax income was £51.914 million (£2,369.41 x 21,909.90). The actual income received, was higher than the estimated due to changes in individual circumstances.

2. Income from Business Rates

We collect business rates for the North Warwickshire area, which are based on local rateable values multiplied by a national non-domestic rate specified by the Government. From April 2013 we divide the rates collected between the government (50%), this council (40%) and Warwickshire County Council (10%). As our assessed need is lower than our share of the business rates, we pay the difference to the government as a tariff. If additional rates are collected in year, they are allocated in the proportions shown above. This Council then pays a levy on our share of the additional rates. If we collect less, we stand the shortfall, up to a specified amount.

The rates to be collected can change during the year as the circumstances of individual businesses alter. Unless significant, all changes which occurred after 22 March 2026 are accounted for in the following year to allow the system to be rolled forward and future bills prepared. We were notified of changes of £3,325 after the 22 March 2026, due to changes to the valuations of properties, which will be included within the 2026/27 accounts.

The total non-domestic rateable value at the year-end was £162,317,453 (£163,289,636 in 2024/25). The national non-domestic rate for small businesses was 49.9 pence (49.9 pence in 2024/25) and the rate for other businesses was 55.5 pence (54.6 pence in 2024/25).

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 205/26 financial year and its position at the year end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations England 2015, which require those statements to be prepared in accordance with proper accounting practices. These practices under section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Council's Financial Statements have been prepared on a going concern basis, that is, the accounts are prepared on the assumption that the functions of 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.

2. Accruals of Income and Expenditure

We record all revenue and capital transactions over £250 on an accruals basis. This means that the activity is accounted for in the year that it takes place, not when cash payments are actually made, or income is actually received. Where there is no cash transaction a debtor or creditor for the relevant amount is included in the balance sheet. These are shown within the current assets and current liabilities sections of the Balance Sheet respectively. 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.

Amounts less than £250 are included in the accounts when cash payment is made, or income is received. In addition, electricity and other similar quarterly payments are charged at the date of meter reading rather than apportioned between financial years. This policy is consistently applied each year, so it does not have a material effect upon the year's accounts.

Business Rate and Council Tax Prepayments, together with grants received in advance for schemes where we are acting as the Accountable Body are shown within creditors.

Supplies are included as expenditure when they are used. Where they have been received but not used, they are carried as inventories on the balance sheet. Similarly works are charged as expenditure when they are completed. Any work that is incomplete at the year-end is also included on the balance sheet as inventories.

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 fixed or determined by the contract.

3. Cash and Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with 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 Council's cash management.

4. Charges to Revenue for Non-Current Assets

We charge services for all the assets they use to provide their services. The charges cover:

- 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 losses can be written off.
- Amortisation of intangible assets used by services.

We are not required to raise council tax to cover depreciation, revaluation and impairment losses and amortisation. However, we are required to make an annual provision from revenue towards reducing our borrowing requirement equal to an amount calculated on a prudent basis in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are replaced by the contribution in the General Fund balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two, so that Council Tax is unaffected.

5. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the year in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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 in exchange for those benefits and are charged on an accruals basis to the appropriate service, service segment or where applicable to a corporate service segment, at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for 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 pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Warwickshire County Council. The 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 benefit 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 method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees.
- Scheme liabilities are discounted to their value at current prices using a discount rate of 3.5% which is based on market yields at the balance sheet date on high quality corporate bonds.

The assets of the Warwickshire 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 liability is analysed into the following components:

  Service cost comprising:

  - current service cost – the increase in liabilities as a result of a year's service earned this year, which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, which is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
  - interest cost - the expected change in the present value of liabilities during the year as they move one year closer to being paid, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

  Re-measurements comprising:

  - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, which is credited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, which are debited to the Actuarial gains and losses on pension assets and liabilities line in the Comprehensive Income and Expenditure Statement.
- contributions paid to the Warwickshire Pension Fund – cash paid as employer's contributions to the pension fund in settlements of liabilities; not accounted for as an expense.

The surplus/deficit of the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities.

For retirement benefits, statutory provisions require the General Fund balance to be 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 Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pensions fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Since 2007, the Council has had a policy of not awarding any discretionary benefits to employees taking early retirement.

6. Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting year – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting year – the Statement of Accounts are 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 authorisation for issue are not reflected in the Statement of Accounts.

7. Exceptional items

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

8. Prior Year Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior year 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 year 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 effects of transactions, other events and conditions on the Council'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 year as if the new policy had always been applied.

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

9. Financial Instruments

Financial Liabilities

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

For all of the borrowings that the Council 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 cashflow characteristics. The Authority holds financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) [separate accounting policy is required where an authority holds financial instruments at fair value through other comprehensive income].

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 (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

10. Government Grants and Other Contributions

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

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

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

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

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

11. Intangible Assets

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

Intangible assets are included on the balance sheet initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

We gradually reduce the value of intangible assets, such as software licences over their useful life (up to 10 years). However, rather than being called depreciation, we refer to this as amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted

to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

12. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value and are simply valued at cost based on a first in, first out basis. Work in progress on incomplete jobs is valued at cost, including an allocation of overheads.

13. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value 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. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

14. 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 property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its 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. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing

down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

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 assets estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution 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.

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant and equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent free period at the commencement of the lease).

The Council as a Lessor

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

15. Overheads and Support Services

The costs of overheads and support services are charged to those areas 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 with the exception of:

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

16. 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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's 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 reliably measured. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. We only include individual pieces of land and buildings that exceed £10,000, and plant and equipment that exceed £5,000 in our asset register.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any cost 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if this is appropriate).

The cost of assets acquired other than by purchase is deemed to be at 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:

- **Infrastructure assets, community assets and assets under construction** - depreciated historical cost. Where this is not known for community assets, a nominal value of £1 has been included.

- **Council dwellings** – current value, determined using the basis of existing use value for social housing (EUV – SH). The 'Beacon' method has been used whereby "typical" properties are valued and the remaining similar houses in the area are assessed based on this beacon.

- **Surplus assets** – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

- **All other assets** – current value, determined as the amount that would be paid for the asset in its existing use (existing use – EUV).

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 estimated of current value.

Where there are non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair 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 current value at the 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 might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a 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 line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

Where an impairment loss is subsequently reversed, the reversal is credited up 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 a determinable finite useful life (i.e. freehold land and community land assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset, as advised by a suitably qualified officer
- Infrastructure – straight line allocation over the useful life of the asset, as advised by a suitably qualified officer

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This has only been applied to enhancement and acquisition expenditure incurred from 1 April 2010 and to revaluations carried out from that date, in line with the requirements of the Code of Practice.

Revaluation gains on assets are also depreciated with an amount equal to the difference between the current value depreciation and the historical value depreciation transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted 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.

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

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

Income above £10,000 received from the sale of assets is treated as a capital receipt. In general terms we have to pay 75% of Council House sales and 50% of other housing receipts over to the Government. We have entered an agreement with the Government, which will allow us to use some of the receipts received from additional council house sales as a result of the relaxation of Right to Buy regulations, to fund new build properties. With some disposals we are allowed to retain all of the income if we plan to spend it on regeneration or affordable housing. The balance of the receipt remains within the Usable Capital Receipts Reserve and can then only be used for new capital spending or can be set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Reserve from the General Fund Balance in the Movement in Reserves Statement. We do not need to pay over any income from the sale of General Fund assets and this can be fully used for capital spending.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment 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.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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 where it is probable that there will be an inflow of economic benefits or service potential.

18. Reserves

We set aside specific amounts as earmarked reserves, for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund Balance in the Movement in Reserves Statement on page 12 and note 6 to the financial statements so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the Movement in Reserves Statement on page 12 and note 23 to the financial statements.

19. Revenue Expenditure Funded from Capital under Statute

Statutory provisions allow us to spend capital funds on assets that are not owned by this Council, such as grants for private sector housing. The expenditure is charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year it is incurred. Where the Council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged, so there is no impact on the level of council tax.

20. Value added tax (VAT)

Generally, all VAT collected is excluded from income, as it is payable to Her Majesty's Revenues and Customs. All VAT paid is recoverable from them, so VAT is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure.

21. Heritage Assets

The Council's Heritage Assets relate to the office of the Mayor. Civic regalia are reported in the balance sheet based on the insurance valuation of the items and also the market price of gold. These insurance valuations are updated annually. Any impairment recognised would be measured using the cost incurred in repairing the asset(s).

22. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, 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.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority'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 are identified as impaired, due to a likelihood that payments will not be made, the asset is written down and a charge made to the Financing and Investment line in the Consolidated Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Independent Auditor's Report to the members of North Warwickshire Borough Council

Glossary of Terms

ACCRUALS	Income and expenditure that is recognised as it is earned or incurred rather than as the money is actually received or paid.
ACTUARIAL GAIN / LOSS	For assets, actuarial gains or losses happen when the actual return on investments in the pension fund is different from the expected return. For liabilities, actuarial gains and losses happen when the actual liability is different from the expected liability. For assumptions, actuarial gains and losses happen as a result of changes to the population or financial assumptions the actuary uses to work out the liability. Liabilities are valued in terms of 'today's money'.
AMORTISATION	The drop in value of intangible assets as they become out of date.
ASSET	An item, which is intended to be used for several years such as a building or a vehicle.
BUDGET	A statement of a Council's plans for expenditure over a specified period of time.
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 in that area. The rates are then distributed to Central Government, Warwickshire County Council and this Authority.
CAPITAL CHARGES	A charge to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.
CAPITAL EXPENDITURE	Expenditure on property, plant and equipment (operational, non-operational, community and infrastructure), which give a benefit over a longer period than a financial year. It includes expenditure on land, buildings, vehicles, etc.
CAPITAL RECEIPTS	Income from the sale of Council assets, e.g. land and buildings.
CENTRAL SUPPORT SERVICES	The cost of central departments, which are apportioned over the various services.
CIPFA (CPFA)	The Chartered Institute of Public Finance and Accountancy
COMMUNITY ASSETS	Assets that the Council intends to hold in perpetuity, that do not have a finite life and may have restrictions over their disposal (e.g. Parks and Woods).
CONTINGENCY	A situation that exists at balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.
CORPORATE AND DEMOCRATIC CORE COSTS	Spending relating to the need to co-ordinate and account for the many services we provide to the public.
CREDITORS	Amounts owed by the Council for work done, goods received, or services rendered, but for which payment has not been made at the date of the balance sheet.

CURRENT ASSETS	Short-term assets, which constantly change in value such as stocks, debtors and bank balances.
CURRENT LIABILITIES	Short-term liabilities, which are due to be paid in less than one year, for example, creditors and bank overdrafts.
CLG	Department for Communities and Local Government.
DEBTORS	Sums of money due to the Council but unpaid at the date of the balance sheet.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Spending on assets that have a lasting value, such as buildings, which we do not own.
GOVERNMENT GRANTS	Payments made by the government towards the cost of local council services. These are either for particular services or purposes (specific grants) or to fund local services generally (revenue support and area-based grant).
GROSS EXPENDITURE	The cost of providing the Council's services before allowing for Government grants or other income.
HERITAGE ASSETS	For us, these are assets that are used by the Office of the Mayor.
HOUSING BENEFITS	A system of financial assistance towards certain housing costs, e.g., Rent Rebates, which are administered by the local council.
HOUSING REVENUE ACCOUNT (HRA)	The account which shows all the income and expenditure incurred in the management and maintenance of the Council's housing stock.
IMPAIRMENT	This is a reduction in an asset value due to physical damage, obsolescence or a decline in its market value.
INFRASTRUCTURE ASSETS	These are inalienable assets, expenditure which is recoverable only by continued use of the asset created (e.g. street lighting, tidy bins, and footpaths).
INTANGIBLE ASSETS	Spending on assets that cannot be physically seen, such as computer software.
INVESTMENT PROPERTIES	These are properties that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
MINIMUM REVENUE PROVISION (MRP)	The amount that we have to set aside each year to repay loans.
NET EXPENDITURE	This is the cost of providing a service after the deduction of specific government grants and other income, excluding Revenue Support Grant and Precept income.
NDR	Non Domestic Rates (see Business Rates).

NON-OPERATIONAL ASSETS	These are assets that are not directly occupied, used or consumed in the provision of service by the Council (e.g. Land awaiting development, industrial units, and shops).
OPERATIONAL ASSETS	These are assets held, occupied, used or consumed by the Council in the direct provision of the services for which it is responsible (e.g. Council Dwellings, Leisure Centres and Council Offices)
POOLED BUDGETS	This refers to services operated by the Council in conjunction with other local authorities, for example, the Building Control Service.
PRECEPT	The amount each Council in the area asks us to collect from council tax on their behalf each year.
REVENUE CONTRIBUTIONS TO CAPITAL EXPENDITURE	The financing of capital expenditure directly from revenue.
REVENUE EXPENDITURE	Spending on the day-to-day running of services, mainly staff, running expenses of buildings and equipment and debt charges.
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice.
TEMPORARY LOANS	Money borrowed for an initial period of less than one year.
UK GAAP	UK Generally Accepted Accounting Practice

NORTH WARWICKSHIRE BOROUGH COUNCIL

2025/26 Annual Governance Statement

Executive Summary

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, cultures and values by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The Annual Governance Statement (AGS) is a public report on the extent to which the Council complies with its own governance code, including the monitoring of the effectiveness of its governance arrangements in year, and on any planned changes in the coming period.

This document describes our governance arrangements and assesses how closely we align with good practice. In overall terms this has been a challenging year with regard to the introduction of a new finance system, the bedding in of a new Internal Audit provider and the developing of a new risk management framework.

This document relies on several assurance mechanisms including the internal audit annual review, internal audit reports throughout the year, the work of both Executive and Resources Boards and external audit.

External audit is undertaken by Azets and this provides assurance on the controls the Council has in place. Where the auditor identifies weaknesses in the Council's arrangements, these are highlighted in the Annual Audit and Inspection Letter. The Council received a disclaimed audit opinion on its 2024/25 accounts, the latest published. This is the 4th year in a row that the opinion has been disclaimed.

The financial? landscape has now started to become clearer with a three-year settlement in place. Whilst, the Council has received one of the worst settlements of any authority in the Country its strong financial base as a starting position means that setting balanced budgets in the medium term will be achievable without significant savings plans.

The outlook beyond the existing settlement becomes far more concerning, if transitional arrangements aren't extended the Council could lose half its net budget in funding. This of course won't be an issue for this Council if the current plans for Local Government Reorganisation are realised.

The Council's long-term vision for the borough is ambitious. Working with partners in the public, private and voluntary sectors we aim to build a Borough with a diverse economy.
Our Corporate Plan vision is:

Protecting the rurality of North Warwickshire, supporting its communities and promoting the wellbeing of residents and business.

Rather than diverse economy?

As this statement will show, the Council is building a strong system of internal control, performance and risk management and action plans are being developed and performance and financial monitoring will be re-started in 2026/27.

Scope of Responsibility

North Warwickshire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous

improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, incorporating the system of internal control. This includes arrangements for the management of risk.

The Accounts and Audit (England) Regulations 2015 require every Council to agree and publish an Annual Governance Statement. CIPFA (Chartered Institute of Public Finance and Accountancy) have produced guidance to Delivering Good Governance in Local Government Framework (2016). In producing this AGS, this guidance has been considered.

Introduction

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code is available on our website.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and designed to manage risks at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, it can therefore provide reasonable and but absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Council's policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance statement has been in place at North Warwickshire Borough Council for the year ended 31 March 2026 and up to the date of approval of the statement of accounts.

The Principles of Good Governance

The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:

- Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Principle 2 – Ensuring openness and comprehensive stakeholder engagement.
- Principle 3 – Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle 4 – Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5 – Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Principle 6 – Managing risks and performance through robust internal control and strong public financial management.

- Principle 7 - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Governance Framework

The following sections align to the 'Delivering Good Governance in Local Government Framework' (CIPFA/SOLACE) and provide evidence against each of sections contained within that document.

Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users

The Council's long term strategic objectives are set out in the Corporate Plan 2023 - 2027 which is reviewed annually. Mechanisms are being put in place to ensure that priorities and performance indicators are monitored integrating financial and service planning. Our annual financial planning process is driven by the Council's medium term financial strategy and resources planning process to ensure our future priorities and ambitions are resourced.

The Corporate Plan identifies and communicates the vision of its purpose and intended outcomes for citizens and service users through a variety of media including its website and the local media.

The Council's strategy sets out the organisation's vision and key strategic priorities, which are refreshed on an annual basis and sits alongside the budget as a key corporate document. The Council recognises the need to widen its consultation around these key documents which will be considered as part of the next corporate plan refresh.

The Council's service and financial planning process incorporates consultation with all sections of the community. The corporate agenda is communicated to staff through regular briefings from the Chief Executive and senior colleagues, a "cascade" system and staff newsletter/email as well as through staff engagement in the service planning process. Additional communication activities are also undertaken in relation to key projects such as the building of the new Leisure Centre.

Reviewing the Authority's vision and its implications for the Authority's governance arrangements

The Council reviews its vision and the implications for its governance arrangements by regularly updating its Corporate Plan, and major strategy documents. The Council has a Medium-Term Financial Strategy (MTFS) in place to ensure future ambitions are resourced. The MTFS is the Council's key financial planning document.

The Council's workforce is driven by the values that it sets, these have recently been reviewed and revised. Thrive – to Grow, Develop and be Successful.

Many of the values align with the principles of good governance set out earlier.

Defining and documenting the roles and responsibilities of the member and officer functions, with clear delegation arrangements and protocols for effective communication

A clear statement of the respective roles and responsibilities of members and senior officers are held within:

- The Constitution (available on the Council's website)
- Officer job descriptions

The resources planning framework is determined by full Council. The Council operates using a committee system with a number of Service Boards / Committees, responsible for specific areas of activity, which report back to full Council. This meeting cycle of Board and Council meetings normally runs five times throughout the year, but extra meetings are added if required. All meetings are open to the public unless confidential or exempt items, as defined by the Local Government Act 1972 as amended, are discussed.

The remit and responsibilities of the Boards and Committee are set out in the Constitution of the Council, and include:

- Executive Board (Including External Audit Reporting)
- Resources Board (Including Internal Audit, Risk and Fraud Reporting)
- Community and Environment Board
- Planning and Development Board
- Licensing Committee.

We have a number of ways that concerns of any kind can be raised, by employees, Members of the Council or the public. These include Confidential Reporting arrangements and complaint procedures. Any concerns will be followed up by trained investigators and action will be taken in proven cases.

The Council has approved Anti-Fraud and Anti-Money Laundering Policies. We take fraud of any kind seriously, and our first aim is to prevent opportunities for fraud to occur, by building sufficient controls into systems and procedures. The Council also contributes to National and Regional Fraud Initiatives using data matching techniques.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The key documents and techniques used to develop the code of conduct and high standards of behaviour that we achieve within the Council comprise:

- The Constitution
- Codes of conduct and associated protocols
- HR policies and procedures
- Internal / External Communications Policy
- Confidential Reporting policy
- Recruitment policy and Appraisal processes
- Registers of member interests
- Complaints policy and procedures
- Internal Audit work
- External Audit Reports
- All Staff briefings
- Staff Induction Programme
- Intranet and Website Messages

The Council has adopted codes of conduct for members and officers. The codes and protocols of the Council are included in the constitution. The code of conduct for councillors is a mandatory requirement and includes provision for the registration and notification of disclosable pecuniary interests backed up by criminal sanction.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Under the Local Government Act 1972, as amended, the Council is able to delegate decisions to Boards or officers but is required to have a scheme of delegation setting this out. The scheme of delegation is part of the Council's constitution.

An accurate up to date constitution reduces the risk of challenge to the Council's decisions. One of the key aspects of the internal control environment is the management of risk. The Council has recently adopted a new corporate risk management framework, strategy and risk register.
The new corporate risk register assigns officer responsibility for maintaining the risk and ensuring they are appropriately mitigated and managed. The risk register is reported regularly to Management Team and Resources Board.

Assistant Directors and managers are responsible for managing their operational risk registers and escalating as and when necessary to the corporate register. For each risk noted on the register, responsible officers are required to identify controls that are in place to mitigate the risk.

This oversight of risk ensures there is senior officer level and political commitment to effective risk management. The inclusion of risk registers within service plans and risk logs in key programmes and projects seeks to reinforce the importance of assessing and being aware of the risks associated with each service and major projects.

The Council has staff with specific responsibility for health and safety, and operate Integrated Management Standards, ISO 14001:2004 Environmental Standard and OHSAS 18001 covering all aspects of the Councils work. Both these standards are audited twice a year by external auditors.

The Council participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council also participates in data matching exercises through the Housing Benefit Matching Service. This matches data held by the Council with that of other agencies such as DWP, to identify cases where fraud may have been committed.

The Authority's financial management arrangements do conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

In June 2009, CIPFA launched its 'Statement on the Role of the Chief Financial Officer (CFO) in Public Service Organisations'. The Statement supports CIPFA's work to strengthen governance and financial management across the public services. CIPFA's Statement sets out five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them. The statement advocates that the CFO in a public services organisation:

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest

- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy

- Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties.

The Statement also sets out the core responsibilities of the CFO role within the organisation. Many day-to-day responsibilities may in practice be delegated or even outsourced, but the CFO should maintain oversight and control. CIPFA has issued its 'Statement on the Role of the Chief Financial Officer in Local Government (2010)'. The statement draws heavily on the 'Statement of the Role of the Chief Financial Officer in Public Service Organisations' and applies the principles and roles set out in that document to local government.

The Corporate Director of Governance and Resources is the Council`s nominated Section 151 Officer.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Councils senior managers take responsibility for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council observes all specific legislative requirements and adheres to the general principles of good administrative law – rationality, legality and natural justice.

The Assistant Director Legal Services is designated as the Council's Monitoring Officer, and it is their responsibility to ensure that the Council's business is conducted in a legal and proper fashion and in accordance with council policies.

All reports that go before Council and Boards are reviewed by the Monitoring Officer to ensure the legality of the Council's actions. Additional external legal advice is sought where appropriate.

The Chief Finance Officer is responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensures financial management of the Council is conducted in accordance with the Accounting & Audit Rules (part 4 (g) of the Constitution). Financial management facilitates service delivery through the five-year Medium Term Financial Strategy and the annual budget process, underpinned by the Budget and Policy Framework (part 4 (d) of the constitution) and Treasury Management Strategy.

The Council actively recognises the limits of lawful activity implicit in the ultra vires doctrine and strives to employ its powers to the full benefit of its communities.

Anti-Fraud, Theft, Bribery and Corruption Strategy

In accordance with the "Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)", the Council has an Anti-Fraud, Theft, Bribery and Corruption Strategy to ensure that the Council's approach to any identified fraud, theft, or corruption, is clearly set out so that appropriate action is taken if necessary.

The Strategy whilst fist for purpose does need a full review and then an annual refresh. This is planned for 2026/27. This will also reinstate a regime of annual mandatory training for staff to ensure the Councils zero tolerance approach to any type of fraud is embedded within the organisation.

The Council has recently strengthened its fraud investigation function working with an established team at Derby City Council who provide the service in partnership with the Council.

The Resources Board also receive an Annual Fraud report, which sets out the measures taken to prevent fraud as well as any frauds that have occurred and the actions taken.

Confidential Reporting (whistleblowing) Policy and receiving and investigating complaints from the Public

The Council has well-developed processes for whistleblowing and for receiving and investigating complaints both internally and from the public. The Confidential Reporting Policy is available on the internet and intranet and the corporate complaints procedure is available on the internet. All new Councillors and members of staff receive a copy of the Confidential Reporting Code and it is reviewed and re-published to all Councillors and staff on an annual basis.

There were no incidents of whistleblowing reported in 2025/26. Complaints can be made by telephone, in writing or by visiting the Council. The Council aims to resolve all complaints at the point of contact wherever possible. Where this is not achievable, the Council's corporate complaints procedure (available on the website) outlines a formal two stage process for rectifying issues.

The definition of a complaint is:

- a service being delivered at a lower standard than is set out in council policy or SLAs
- the attitude of staff
- neglect or delay in responding to customers
- failure to follow agreed procedures/policies
- evidence of bias or unfair discrimination.

The council reports its performance on a quarterly basis and complaints including Ombudsman investigations are included within this report. An annual summary is provided to Executive Board.

Managing Data and Control over Data

Data is managed in accordance with the law. The key information management and security policies in place are: The Data Protection Policy, Data Quality Statement, Access to Information Policy, Information Security Policy and Personal Data Breach Policy. Information Sharing protocols are in place when sharing data with third parties.

Strategy ownership rests with Executive Board who are responsible for agreeing, monitoring, promoting and reviewing its implementation. Monitoring also includes reports to Executive Board, internal / external audits and Information Commissioner reviews, as appropriate.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Council is committed to both officer and member development and support. The Council recognises the need to develop a member training programme; this was a recommendation within it's Corporate Peer Challenge. The programme would provide the appropriate training and support for members to effectively carry out their roles.

Members and officers are invited to suggest topics for development sessions at any point during the year. The development programme for elected members should offer a range of formal and informal learning events including conferences, briefings, seminars, workshops and forums.

The training sessions could cover specific categories as set out below:

- essential, which cover the broad skills for being a councillor, providing information on some of the basic principles of local government such as finance, and statutory issues around planning and licensing
- internal knowledge, which provides information specific to the Council
- Committee skills, which are targeted at specific committees and roles
- engagement, which relate to members' responsibilities as community leaders
- information, which refer to briefings on specific subjects as required.

Training needs for all staff are discussed as part of the annual appraisal process, and all requests for training go through the Council's human resources team to monitor both cost and link to the Council's strategic priorities.

Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of its effectiveness is informed by:

- the work of the Senior Management Team and other managers within the Authority who have responsibility for the development and maintenance of the governance environment.
- work carried out by Internal Audit.

- comments made by the external auditors, in their annual audit findings report and other reports. The external auditors also carry out a value for money review, as part of their opinion on the financial statements.
- feedback from other review agencies and inspectorates
- the results of user surveys and feedback from residents; and
- feedback from Service Boards and Member Groups.

To ensure that the governance framework remains effective, senior officers and Members have reviewed individual elements of the framework. Alongside this the Internal Audit plan for 2025/26 included Governance, Information Security and Key Financial Controls.

Risk Management

In 2024/25 CMAP undertook an internal audit on Risk Management, which was completed and reported in early 2025/26. The report gave zero assurance and significant number of recommendations required to address the position.

The Council engaged RSM a risk management expert in the local government field to assist with building back assurance for risk management. With the Councils input they have helped build a risk framework, strategy, policy and corporate risk register, which have been considered and approved by Resources Board.

The documents, particularly the corporate risk register are being reviewed regularly reported at every Resources Board meeting.

Most of the recommendations have already been addressed in full, those that remain are related to training and the fully embedding of the new approach, which will clearly still take some time.

Statutory Officers

All local authorities are required by law to have officers who fulfil three specific roles. At North Warwickshire Borough Council, these roles are carried out by the following post-holders within the Council:

- The Head of Paid Service – Chief Executive
- The Chief Financial Officer (Section 151) – Corporate Director Governance and Resources
- The Monitoring Officer – Assistant Director Legal Services

The Head of Paid Service leads and takes responsibility for the running of the local authority on a day-to-day basis. The role requires the Chief Executive to work closely with elected Members to ensure strong and visible leadership and direction, ensure staff adhere to the strategic aims of the Authority and follow the direction set by elected Members. The Chief Executive acts as the principal policy advisor to elected Members, delivers the political objectives set by elected Members, leads and develops strong partnerships across the local community to achieve improved outcomes and better public services for local people, and oversees service development and all aspects of management within the Council.

The Chief Financial Officer (Section 151) must be a member of a specified accountancy body. The CFO is responsible for the proper administration of the Council's financial affairs and has specific legislative responsibilities, as he/she has a fiduciary responsibility to the local taxpayer. The CFO's duties include a requirement to report to all the local authority's members, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

The Monitoring Officer effectively acts as the guardian of the Council's constitution and the decision-making process. He/she is responsible for advising the Council on the legality of its decisions and providing guidance to elected Members on the Council constitution and its powers. He/she has the specific duty to ensure that the Council, its Officers and its elected Members maintain the highest standards of conduct in all that they do. This includes reporting to the Council if a decision is unlawful

or amounts to maladministration, maintaining Registers of Interests, and arranging for investigations into any matters or complaints referred to the Standards Committee.

The three Statutory Officers have agreed to meet monthly to consider Governance matters, which include Risk, Fraud, Audit, Insurance, Complaints, Member Conduct and the AGS action plan and any other governance matter brought to its attention.

Internal Audit

An effective Internal Audit Service (IAS) is a fundamental element of the overall system of internal control. A local authority must maintain an adequate and effective system of internal audit of its accounting records and its system of internal control. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's Internal Audit team has demonstrated compliance with the Public Sector Internal Audit standards. The team use a risk-based approach to formulate audit plans and determine the scope of audit reviews. It was highlighted during 2022/23 that the audit capacity was at too low a level to deliver the audit plan. In November 2023 a pilot was approved for CMAP to deliver the internal audit function for tis Council along with the internal auditor employed directly. The audit plan was revised, and priority audits including Governance, Risk Management, Counter Fraud and Financial Controls were completed. In November 2024 members approved to join CMAP as a partner from 1 April 2025.

The Council has a zero tolerance to all forms of fraud and corruption and works with Derby City Council fraud team who work closely with the Revenues, Benefits and Housing teams to identify, deter and prevent all forms of fraud. We also have a joint working agreement with the Department for Works and Pensions.

External Audit

The external audit of the Council is now provided by Azets for the financial statements audit and value for money opinions. Assurance over the Housing Benefit Subsidy and Pooling claims are provided by KPMG. Whilst external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance.

It's important to note here the Councils disappointment at the current position regarding disclaimed opinions of its 2021/22, 2022/23, 2023/24 and 2024/25 Financial Statements caused by the disengagement of the Councils previous External Auditor.

The relationship with Azets is a significant improvement the Council finding a supportive approach to build back, but also with the Councils own issues in 2024/25 dealing with a difficult finance system implementation which has substantially delayed the publishing of the 2024/25 Financial Statements.

This has been achieved through regular communication and meetings between officers. The approach to the Annual Inspection report in November, which given the Councils current position was difficult. The approach taken was well communicated and fair and ultimately well received by Members.

The timescales for the publishing of the Statements for 2025/26 will be much closer to the statutory timescales and in line with the Audit timescales agreed with Azets. This should enable an audited set of Accounts in 2026 and enable us getting back to meeting statutory timescales for 2026/27.

Governance Actions: Review of 2025/26 and Future Priorities

There were a number of actions arising from the Annual Governance Statement 2023/24, which were carried over into 2024/25. Due to the timing of this Statement i.e. only 4 months after the 2024/25 Statement was prepared and published the progress of all outstanding actions and new actions have been consolidated in an Action plan set out at Appendix 1. The actions will be monitored regularly by the Statutory Officer Group set up to meet monthly and consider all Governance matters.

Conclusion

This document has described our governance arrangements and assessed how closely we align with good practice. In overall terms the direction of travel is positive for the financial year 2025/26. The Councils system of internal control still needs improvement, but the plans are in place to address the issues highlighted in internal audit reports and to get back on track with the Financial Statements and Audit.

There are though significant challenges ahead, which could impact upon the Councils ability to maintain its levels of governance. Local Government Reorganisation's impact has currently largely been on the Chief Executive and Corporate Directors but will start to affect all services. The Council does have an extremely strong financial platform, which will come under some pressure given the fair funding review, but it is anticipated that the Council will be able to manage through the medium term with a balanced budget for 2026/27 and sustainable medium-term projections.

Signed:……

Leader of the Council

Signed:……

Chief Executive