



DRAFT

STATEMENT OF ACCOUNTS

2025/26



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NARRATIVE REPORT

Introduction

Local Authority accounts, like those of any organisation, are prepared to comply with a series of rules and conventions set by the accounting profession. However, for Local Authorities there are many types of transaction where the law, which takes precedence, requires a different treatment from the accounting rules. This effectively means that local authorities are trying to simultaneously fulfil two conflicting sets of rules when preparing their accounts.

This conflict is addressed by having authorities present a set of financial statements which comply with the accounting rules, followed by a reconciliation of those statements to the accounts as prepared under the legal rules. This reconciliation essentially takes the form of a list of adjustments for items which must be in the accounts per the accounting rules but are not allowed in them under law, and vice versa. These are the legal rules that must be used when calculating budget requirements, council tax and housing rents.

As a result, all the Council's internal reporting and decision-making is based purely on accounts prepared under the legal rules. The only time it prepares accounts that comply with the accounting rules is when it prepares this document. It is crucial to bear this in mind when reading the statements.

The Statement of Accounts brings together the major financial statements for the financial year 2024/25. The statements and the notes that accompany them give a full and clear picture of the financial position of Redditch Borough Council.

The sections are:

- **Narrative Report** – An overview of the Council's financial and operational performance, main objectives, Governance, key risks, and strategies for future service delivery
- **Statement of Responsibilities** – The responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts
- **Comprehensive Income and Expenditure Statement** – This shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation
- **Movement in Reserves Statement** – The movement in the year on the different reserves held by the Council
- **Balance Sheet** – The value of the assets and liabilities recognised by the Council and the Group as at 31 March 2026
- **Cash Flow Statement** – Inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties
- **Statement of Accounting Policies** – Outlines the significant accounting policies adopted by the Council
- **Notes to the Financial Accounts** – The Statements are supported by technical notes
- **Group Accounts** - Sets out the income and expenditure for the year and financial position at the balance sheet date of the Council and any companies or other organisations, which the Council either controls or significantly influences
- **Housing Revenue Account** - The housing revenue account is a ring-fenced account used to manage our (council owned) housing stock of some 5,500 properties. The costs of managing and maintaining the properties, collecting rents, and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account
- **The Collection Fund and Notes** – Shows the transactions of the separate fund used for the collection of Council Tax and Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government
- **Governance Statement** - The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the Council to conduct its functions effectively
- **Internal Auditors Report** – Local government audit provides transparency and accountability to both taxpayers and their local elected representatives. It provides authorities with accurate and reliable financial information with which to plan and manage their services, and finances, effectively. It also provides assurance to the wider public sector, supporting the audit of certain central government departments and the Whole of Government Accounts
- **Glossary**

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These financial statements have been prepared in line with the Code of Practice on Local Authority in Accounting the United Kingdom 2025/26 (the Code). It is the purpose of this report to explain, in an easily understandable way, the financial facts and performance in relation to Redditch Borough Council.

Our Borough

Redditch Borough is located in north Worcestershire, approximately 15 miles south of Birmingham, and forms part of the wider West Midlands economic area. The Borough covers around 5,435 hectares and sits at the edge of the West Midlands Green Belt. It comprises a predominantly urban area in the north, which accommodates the vast majority of the population, alongside a smaller rural area to the south that includes the villages of Astwood Bank and Feckenham.

The Borough has a resident population of around 85,000 (2021 Census). Redditch has a comparatively younger population profile than many areas, with significant numbers of children and young people. The Borough is home to diverse communities and a strong sense of local identity, although levels of deprivation vary across the area. Several neighbourhoods experience higher levels of deprivation, with some areas ranking amongst the most deprived nationally.

Redditch benefits from extensive green space and environmental assets, with numerous parks, open spaces and areas designated for their ecological value, including Sites of Special Scientific Interest and Local Nature Reserves. These assets contribute significantly to residents' quality of life and support the Council's ambition to protect and enhance the Borough's natural environment, promote biodiversity and address climate change. The Borough has a strong industrial heritage and continues to play an important role as a manufacturing and engineering centre within the regional economy. Established national and international businesses are based in Redditch, supported by a skilled workforce and a culture of innovation. This provides a solid foundation for economic growth, with opportunities to attract investment, support local businesses and create high-quality employment for residents.

Despite these strengths, the Borough faces a range of challenges. Economic inactivity and youth unemployment remain areas of focus, alongside health inequalities, with significant variation in life expectancy between the most and least deprived communities. Housing demand also presents ongoing pressures, including the need to reduce waiting lists, increase the supply of affordable housing and ensure that existing homes are safe, warm and well maintained.

The Council's priorities reflect both the opportunities and challenges facing Redditch. The Council Plan 2025–2028 is focused on three key themes: building strong economic development and regeneration, delivering a clean, green and safe Borough, and providing housing that meets the needs of the community. These priorities are underpinned by a commitment to financial stability, strong governance and high quality service delivery, ensuring that resources are directed towards improving outcomes for residents and supporting the long term sustainability of the Borough.

Elections to Redditch Borough Council are held three of every four years, with political leadership operating through a Leader and Executive model. The Council works extensively in partnership with other public, private and voluntary sector organisations, including through the Redditch District Collaborative and wider Worcestershire arrangements, recognising that many of the Borough's priorities require coordinated action across agencies.

Redditch Borough Council has a long-standing shared services arrangement with Bromsgrove District Council, enabling a single workforce to deliver a range of services across both authorities. This collaborative approach supports efficiency, resilience and the effective use of resources, while maintaining a strong focus on local priorities and the needs of Redditch residents.

Strategic Purpose

The Council Plan 2025–2028 sets out Redditch Borough Council's vision to be *“a council which listens to and delivers quality services for our communities, residents and businesses.”* This vision provides the strategic framework for the Council's service delivery, financial planning and partnership working, ensuring that activities and resources remain focused on improving outcomes for local communities.

The Council Plan is built around three core priorities: Economy and Regeneration, Green, Clean and Safe, and Community and Housing. These priorities reflect the key opportunities and challenges within

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the Borough and provide a clear focus for delivering sustainable economic growth, improving environmental quality, and supporting strong and healthy communities.

Economy and Regeneration is focused on supporting business growth, attracting inward investment and creating high-quality employment opportunities, particularly for young people. During 2025/26, progress has been made through business support programmes, skills and employability initiatives, and major regeneration schemes, including the redevelopment of the Town Hall, improvements to the public realm and the development of the Innovation Centre, which is expected to support long term economic growth and productivity.

The Green, Clean and Safe priority reflects the Council's commitment to maintaining a high quality local environment and supporting community safety. Progress during the year includes enhanced street cleansing and environmental enforcement, investment in waste and recycling services, biodiversity initiatives and climate change activity, as well as continued partnership working to address crime, anti-social behaviour and public safety. Work is ongoing to deliver environmental improvements, increase renewable energy generation and implement new waste collection arrangements in line with national requirements.

The Community and Housing priority focuses on meeting housing need, improving the quality of homes and supporting the health and wellbeing of residents. Key developments during 2025/26 include the delivery of new council housing through the Housing Growth Programme, investment in existing housing stock, improved repairs and safety processes, and action to reduce homelessness and the use of temporary accommodation. Partnership working remains central, including through the Redditch District Collaborative and wider health and wellbeing initiatives, to address inequalities and support vulnerable residents.

Across all priority areas, delivery is supported by a range of projects and programmes, many of which are progressing positively. The February 2026 Council Plan update highlighted strong performance across many objectives, including business support, environmental services, housing delivery, community safety initiatives and partnership activity. Where challenges remain, such as the implementation of food waste collection or elements of the capital programme, actions are in place to address delivery risks and maintain progress against the Council's objectives.

The Council's strategic purpose is underpinned by a set of organisational priorities, including financial stability, organisational stability, community focus, high quality services and supported governance. These are reinforced by a principles driven approach centred on purpose, people, pride and performance, ensuring that the Council maintains a strong organisational culture and is able to respond effectively to changing local and national circumstances.

During 2025/26, the Council has continued to align service delivery, performance management and financial decision making with the priorities set out in the Council Plan. This includes strengthening performance monitoring arrangements, embedding business planning across services and ensuring that resources are directed towards achieving the outcomes that matter most to residents. This approach supports both effective day-to-day service delivery and the longer term ambition to improve quality of life across the Borough.

National Position

Economic and Financial Context

During 2025/26, local authorities continued to operate within a challenging and volatile national economic environment. Although inflationary pressures eased during parts of the year, uncertainty persisted around economic growth, interest rates and public sector funding. These conditions continued to influence the Council's medium-term financial planning and in-year financial management.

Interest rates reduced earlier in the year as inflation moderated, before global geopolitical events and renewed inflationary risks increased volatility in financial markets towards the end of the financial year. This created a dynamic environment for treasury management, borrowing decisions and investment

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activity. Throughout the year, the Council remained focused on balancing affordability, risk and financial resilience in line with its approved strategies.

In-year movements in interest rates and market conditions affected borrowing costs, investment returns and the timing of treasury activity reflected in the Statement of Accounts. The Council continued to manage cash flow carefully, responding to variations in income and expenditure while maintaining adequate liquidity. Changes in borrowing and internal cash balances during the year reflect both the delivery of the capital programme and the timing of receipts and payments, rather than a change in overall financial strategy.

National changes to regulatory and accounting frameworks also continued to shape financial reporting. Amendments to Minimum Revenue Provision (MRP) guidance and the ongoing impact of revised treasury and prudential codes required careful consideration in financial planning and were reflected in the Council's accounting treatment for capital financing and borrowing during 2025/26.

Overall, the national economic position reinforced the importance of prudent financial management, robust forecasting and active monitoring throughout the year. These factors are reflected across the financial statements, and will be reviewed going forwards, including the level and composition of borrowing, treasury balances, revenue financing costs and reserves.

Local Government Reorganisation (LGR)

Alongside wider economic pressures, preparation for Local Government Reorganisation (LGR) became an increasingly significant national and local factor during 2025/26. Government proposals to restructure local government in Worcestershire progressed through formal stages during the year, with statutory consultation concluding in early 2026 and preparatory work accelerating in advance of an anticipated decision later in the year.

In response, the Council worked collaboratively with other Worcestershire authorities through established programme governance arrangements. This included the creation of shared workstreams covering finance, assets, workforce, ICT, legal matters and data assurance. The focus during 2025/26 was on establishing robust baseline financial information to support future transition planning and ensure financial transparency across all predecessor councils.

From a Statement of Accounts perspective, LGR preparation has not altered the Council's statutory responsibility to deliver a balanced budget or prepare accounts on a going concern basis for 2025/26. LGR considerations, however, influenced financial decision making during the year, particularly around capital commitments, use of reserves, contract management and longer term liabilities. Assurance processes were embedded to ensure that financial decisions taken during the transition period do not create undue risk or liabilities for any future successor authority.

Some preparatory costs associated with programme management, data preparation and capacity planning were incurred during the year and are reflected within the Council's revenue expenditure. These costs were managed within existing budgets and shared, where appropriate, across participating authorities. Further transition costs and potential efficiencies will depend on final government decisions and implementation arrangements and are not yet reflected within the 2025/26 accounts.

The level of assets, liabilities, borrowing and reserves reported in the Statement of Accounts at 31 March 2026 form the foundational financial position ahead of a formal reorganisation decision. These balances will form the basis for future transfer arrangements on vesting day, subject to statutory requirements and further detailed work as LGR progresses.

Financial Performance

The following items have had an impact on the 2025/26 Financial Statements.

Organisational Performance

During 2025/26 the Council continued to focus on strengthening organisational performance, governance and financial management, building on the recovery work initiated in response to earlier audit and financial reporting challenges. This work has been undertaken against a challenging national audit backdrop, with

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statutory backstop arrangements and sector-wide capacity constraints continuing to affect the local government audit system.

The Council has produced its 2025/26 draft Statement of Accounts in line with the statutory timetable, reflecting improved financial reporting discipline and stronger in-year financial management. This represents an important step in stabilising the accounts process and supporting the rebuilding of audit assurance over time, following a period where earlier years' accounts were subject to disclaimed audit opinions due to the national audit reset and local timing constraints rather than identified material misstatements.

External audit reporting for the 2023/24 and 2024/25 financial years highlighted several historic weaknesses in financial reporting arrangements, governance and organisational capacity, particularly linked to the implementation of the Council's financial system, the timeliness of accounts preparation and capacity pressures within the finance function. While these reports relate to prior periods, they have directly informed the Council's improvement activity during 2025/26, with a clear emphasis on ensuring that lessons learned are embedded in current practice.

During 2025/26, action was taken to strengthen senior financial leadership, improve financial oversight and enhance internal controls. This included clearer accountability for financial reporting, improved alignment between financial monitoring and the general ledger, and strengthened engagement with internal and external assurance. These improvements have supported more robust in-year reporting to Members and improved confidence in the financial information underpinning decision-making.

The external auditors also identified historic issues relating to statutory returns, most notably VAT reporting, arising from system and process weaknesses. Work undertaken prior to and during 2025/26 addressed these matters through external specialist support, improved processes and closer oversight. Any residual impacts arising from these historic issues have been reflected appropriately within the financial statements, with no new systemic issues identified during the year.

There have been long standing organisational capacity challenges, particularly within finance and the Council continues to stabilise staffing arrangements, reduce reliance on interim solutions and strengthen corporate capacity through its workforce and organisational development activity. This has been essential to supporting both business-as-usual delivery and the production of timely and accurate financial information and includes the recruitment of a new, permanent s151 Officer from 13 April 2026.

In July 2025, the Regulator of Social Housing issued a C3 regulatory judgement identifying serious failings in the Council's delivery of consumer standards, particularly in relation to safety and quality. Areas requiring improvement include repairs and maintenance, fire safety, tenant engagement and data management. The Council has developed an action plan to address these issues and is focusing on ensuring robust monitoring and delivery of improvements in its housing services.

For 2025/26, the Council remained responsible for preparing accounts that present a true and fair view of its financial position, and these accounts have been prepared in accordance with proper accounting practices and on a going concern basis. Overall, organisational performance during 2025/26 reflects a transition from recovery into consolidation. The Council has focused on embedding improved financial management, strengthening governance arrangements and ensuring that the lessons from historic audit findings are reflected in current and future practice. This provides a more stable platform for ongoing improvement, future audit assurance and the effective stewardship of public resources.

Governance

Redditch Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that resources are used economically, efficiently and effectively. Good governance supports transparent decision making, effective risk management, robust financial stewardship and accountability to residents, businesses and stakeholders.

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During 2025/26, the Council continued to strengthen its governance framework, reflecting both the lessons from historic audit findings and the need to support future service delivery, financial sustainability and preparation for Local Government Reorganisation. The focus has been on ensuring that governance arrangements are clear, current, proportionate and capable of supporting informed decision making in a changing operating environment.

A significant area of progress during the year was the comprehensive review of the Council's Constitution. This review considered the clarity of decision-making arrangements, roles and responsibilities, delegations, committee terms of reference and supporting governance procedures. A revised Constitution was approved by Council, providing an updated framework for lawful, transparent and effective decision making by Members and officers.

Risk management arrangements have also been subject to internal review and audit during the year. This work will inform the development of a new opportunity risk management strategy, which will shortly be launched and embedded across the organisation. The revised approach will strengthen the identification, ownership, escalation and monitoring of risks and opportunities, ensuring that risk information is better integrated into service planning, performance reporting and strategic decision making.

Performance reporting is being further enhanced to provide clearer links between the Council Plan priorities, service delivery, financial information and risk. This will support more effective oversight by senior officers and Members, improve transparency, and help ensure that progress against strategic priorities is understood alongside the resources and risks associated with delivery.

Financial reporting will also be refreshed to provide more robust, timely and accessible information. This includes improving the way revenue and capital information is presented, strengthening the understanding of capital programme delivery, and ensuring that financial monitoring supports early identification of pressures, slippage, savings delivery and corrective action. Better capital reporting will be particularly important in supporting realistic budget setting, delivery planning and the management of externally funded schemes.

The Council is also reviewing its budget approach and strengthening longer-term financial planning ahead of the next Medium Term Financial Plan. This work will support a clearer understanding of recurring budget pressures, savings requirements, reserves, capital financing and the affordability of future commitments. It will also ensure that financial planning remains aligned to strategic priorities, service demand and the wider context of Local Government Reorganisation.

The Council's governance arrangements continue to be reviewed annually through the Annual Governance Statement. The improvements made during 2025/26, together with the further work planned on risk, performance and financial reporting, provide a stronger platform for accountability, assurance and continuous improvement during 2026/27.

Financial Outlook

The Council's financial outlook is set out through its Medium Term Financial Plan (MTFP), which covers the three-year period from 2026/27 to 2028/29. The MTFP was approved by Council in February 2026 and provides a forward-looking assessment of the Council's ability to deliver services, manage financial risk and maintain sustainability in a period of ongoing uncertainty.

The approved MTFP shows a balanced budget position in each year of the planning period, reflecting a combination of service efficiencies, income generation, prudent use of reserves and a strategic approach to financial planning. This represents a significant achievement in the context of continued inflationary pressures, constrained funding growth and structural changes to local government finance.

Funding Environment and Assumptions

The MTFP has been developed against a challenging national funding backdrop. While the introduction of a multi-year settlement provides greater short-term certainty, the Council faces a reduction in underlying funding as changes arising from the Fairer Funding Review and grant consolidation are phased in over the period.

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Transitional funding provides temporary stability but is expected to taper, requiring the Council to plan for a lower baseline of funding in future years.

Key assumptions within the MTFP include continued inflationary pressures, limits on Council Tax increases, uncertainty around business rates growth following the reset, and ongoing demand-led pressures across services. These assumptions have been deliberately set on a prudent basis and stress-tested to support financial resilience.

Managing Pressures and Savings

The MTFP identifies a range of cost and demand pressures, including pay awards, contract inflation, service delivery costs and national policy changes. These are offset through a programme of savings, income growth and efficiency measures, developed in conjunction with service managers and subject to governance and scrutiny.

Savings proposals will be reviewed and phased across the planning period to avoid undue reliance on one-off measures. The Council recognises that sustained financial sustainability will depend on continued financial discipline, active monitoring and early corrective action where delivery risks arise.

The Housing Revenue Account continues to face longer-term financial pressures, including debt repayment requirements and constraints linked to borrowing capacity.

Reserves and Financial Resilience

Reserves play a key role in supporting the Council's financial outlook. As part of the MTFP process, a comprehensive review of reserves was undertaken to ensure that balances remain aligned to current risks and priorities. This has enabled the creation of targeted reserves to support financial resilience, community investment, and Local Government Reorganisation (LGR) preparation, while maintaining General Fund balances at a level assessed by the Section 151 Officer as prudent and adequate.

The Council does not rely on reserves to fund recurring expenditure within the MTFP. Instead, reserves are used strategically to manage risk, smooth the impact of volatility, and support investment and transformation.

Capital Programme and Long-Term Affordability

The approved capital programme supports the Council's strategic priorities while remaining affordable within the medium term financial outlook. Capital expenditure is largely supported through external funding, capital receipts and internal borrowing, limiting exposure to new external debt. The revenue implications of the capital programme, including minimum revenue provision and financing costs, have been fully reflected within the MTFP.

Improved capital reporting and monitoring will support stronger understanding of deliverability, slippage and affordability over the planning period, ensuring that capital investment decisions remain aligned to the Council's wider financial capacity.

Looking Ahead

The financial outlook remains subject to risk and uncertainty, particularly in relation to inflation, funding reform, service demand and the costs associated with Local Government Reorganisation. The approved MTFP, however, demonstrates that the Council has a credible financial plan, underpinned by active risk management and strengthened financial governance.

The Council will continue to review and refresh its financial outlook through annual budget setting, in-year monitoring and the development of the next MTFP, ensuring that financial planning remains aligned to strategic priorities, service needs and the evolving local government landscape.

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Expenditure and Funding Analysis

The Expenditure and Funding Analysis is set out on page 18. The objective is to demonstrate to Council taxpayers and housing rent payers how the funding available to the Authority (i.e., Government grants, Council tax, rents, and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council's strategic purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Risks and Opportunities

The Council operates in an environment characterised by ongoing financial, operational and legislative uncertainty. Effective identification and management of risk is therefore essential to maintaining financial resilience, service delivery and public confidence.

Key strategic risks during 2025/26 have included financial resilience and cash flow management, workforce capacity, cyber security, delivery of major programmes, compliance with new legislative requirements, and the impact of Local Government Reorganisation on business-as-usual activity. These risks are overseen through the Corporate Risk Register, with regular review by senior management, Members and the Audit, Governance and Standards Committee. Mitigating actions during the year have reduced several residual risk scores, reflecting strengthened governance, clearer ownership and improved planning.

Alongside these risks, the Council continues to identify opportunities to improve outcomes and resilience. These include strengthening financial planning and risk management arrangements, improving the use of data to support decision-making, maximising external funding, delivering service efficiencies, and investing in community focused initiatives aligned to the Council Plan. Preparation for Local Government Reorganisation has also created opportunities for greater collaboration, improved baseline information and more consistent approaches to risk, performance and financial management.

The Council recognises that risks will continue to evolve. Work underway to refresh the Opportunity Risk Management Strategy, strengthen the integration of risk with financial and performance reporting, and enhance long-term planning will further support informed decision-making and the effective management of both risks and opportunities in future years.

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2026. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

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Reserves are divided into “usable”, which can be invested in service improvements or capital investment or reduce local taxation, and “unusable” which must be set aside for specific purposes. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movement in Reserves Statement Line ‘Adjustments between accounting basis and funding basis under the regulations.

The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movements in the year following those adjustments.

The **Balance Sheet** is a ‘snapshot’ of the Council’s assets, liabilities, cash balances and reserves as at the year-end, 31 March 2026.

The **Cash Flow Statement** shows the reason for changes in the Council’s cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long-term liabilities).

The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money. Business Rates is distributed to Central Government, Worcestershire County Council and Redditch Borough Council. Council Tax is distributed between Gloucestershire County Council, the Police & Crime Commissioner, Redditch Borough Council and the Town & Parish Councils within the Redditch district.

The **Housing Revenue Account** is a statutory ring-fenced account that records the income and expenditure associated with the Council’s housing landlord activities. It reflects the financial performance of the Council’s housing stock and demonstrates how rental income, service charges and other housing-related resources have been used to support the management, maintenance and improvement of Council homes. It also shows the balance available to support future expenditure on the Council’s housing service.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls. This report does not form part of this document as is available on the Council’s website.

The **Group Accounts** present the financial results and overall financial position of the Council together with those organisations over which the Council exercises control or significant influence. They provide a consolidated view of the income, expenditure, assets and liabilities of the Council and its group entities, enabling readers to understand the financial position of the wider Council group as a single economic entity.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority. In this Authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Chief Finance Officer's responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance 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 Chief Finance 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.

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2026.

..... **Date:**

James Walton, Director of Finance / Section 151 Officer

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit, Governance and Standards Committee.

..... **Date:**

Chair

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	Notes	2025/26			2024/25		
		£000	£000	£000	£000	£000	£000
		Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		2,584	(621)	1,963	2,318	(420)	1,897
Community and Housing GF Services		5,479	(2,532)	2,947	5,765	(3,677)	2,087
Corporate Services		1,434	(5,272)	(3,838)	1,753	(5,241)	(3,487)
Environmental Services		8,013	(2,906)	5,107	7,872	(3,120)	4,752
Financial and Customer Services		17,714	(13,256)	4,458	20,747	(17,111)	3,635
Housing Revenue Account		26,482	(30,418)	(3,937)	4,910	(1,407)	3,504
Legal, Democratic and Property Services		5,283	(1,798)	3,485	4,264	(1,514)	2,750
Planning, Regeneration and Leisure Services		3,789	(1,673)	2,116	894	(231)	663
Regulatory Client		960	(254)	706	25,259	(30,435)	(5,177)
Rubicon Client		3,407	(6)	3,401	2,628	(7)	2,621
Starting Well		772	(662)	110	815	(614)	201
Cost of Services		75,917	(59,398)	16,518	77,224	(63,778)	13,446
Other Operating Expenditure	B4	63	(1,069)	(1,006)	60	(208)	(148)
Financing and Investment Income and Expenditure	B5	5,571	(380)	5,191	6,826	(8,707)	(1,881)
Taxation and Non-Specific Grant Income and Expenditure	B6	13,900	(27,756)	(13,856)	13,902	(33,072)	(19,170)
(Surplus) or Deficit on Provision of Services				6,846			(7,753)
(Surplus) or deficit on revaluation of Property, Plant and Equipment	D1			(472)			2,879
Remeasurement of the net defined benefit liability/(asset)	E1			(1,035)			2,994
Other Comprehensive Income and Expenditure				(1,507)			5,873
Total Comprehensive Income and Expenditure				5,339			(1,880)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

	Notes	2025/26			2024/25		
		£000	£000	£000	£000	£000	£000
		Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		2,584	(621)	1,963	2,318	(420)	1,897
Community and Housing GF Services		5,479	(2,532)	2,947	5,765	(3,677)	2,087
Corporate Services		1,434	(5,272)	(3,838)	1,753	(5,241)	(3,487)
Environmental Services		8,013	(2,906)	5,107	7,872	(3,120)	4,752
Financial and Customer Services		17,714	(13,256)	4,458	20,747	(17,111)	3,635
Housing Revenue Account		26,482	(30,418)	(3,937)	25,259	(30,435)	(5,177)
Legal, Democratic and Property Services		5,283	(1,798)	3,485	4,910	(1,407)	3,504
Planning, Regeneration and Leisure Services		3,789	(1,673)	2,116	4,264	(1,514)	2,750
Regulatory Client		960	(254)	706	894	(231)	663
Rubicon Client		9,950	(5,613)	4,337	5,594	(6,152)	(558)
Starting Well		772	(662)	110	815	(614)	201
Cost of Services		82,460	(65,005)	17,454	80,190	(69,923)	10,267
Other Operating Expenditure	B4	63	(1,069)	(1,006)	60	(208)	(148)
Financing and Investment Income and Expenditure	B5	5,571	(416)	5,155	6,826	(8,707)	(1,881)
Taxation and Non-Specific Grant Income and Expenditure	B6	13,900	(27,744)	(13,844)	13,902	(33,153)	(19,251)
(Surplus) or Deficit on Provision of Services				7,759			(11,012)
(Surplus) or deficit on revaluation of Property, Plant and Equipment	D1			(472)			2,879
Remeasurement of the net defined benefit liability/(asset)	E1			(1,035)			2,994
Other Comprehensive Income and Expenditure				(1,507)			5,873
Total Comprehensive Income and Expenditure				6,252			(5,139)

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for Council and Group for the year ended 31 March 2026

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or (from) earmarked reserves undertaken by the Council.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	HRA Balance £000	Earmarked HRA Reserves £000	Total HRA Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Rubicon Leisure Limited £000	Total Group Reserves £000
Balance as at 31 March 2024	7,221	17,186	24,408	1,085	10,901	11,986	14,215	10,474	0	61,083	246,427	307,510	580	308,090
<u>Movement in reserves during the year</u>														
Total Comprehensive Income and Expenditure	(1,880)	0	(1,880)	1,367	0	1,367	0	0	0	(513)	5,342	4,829	1,022	5,851
Adjustments between accounting basis & funding basis under regulations	2,296	0	2,296	(1,924)	0	(1,924)	(961)	28	375	(186)	33,818	33,632	0	33,632
Net Increase/Decrease before Transfers to Earmarked Reserves	416	0	416	(557)	0	(557)	(961)	28	375	(699)	39,160	38,461	1,022	39,483
Transfers to or from earmarked reserves	(771)	771	0	1,741	(1,741)	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in Year	(355)	771	416	1,184	(1,741)	(557)	(961)	28	375	(699)	39,160	38,461	1,022	39,483
Balance as at 31 March 2025	6,866	17,957	24,824	2,269	9,160	11,429	13,254	10,502	375	60,384	285,587	345,971	1,602	347,573
<u>Movement in reserves during the year</u>														
Total Comprehensive Income and Expenditure	5,339	1	5,340	720	0	720	0	(28)	0	6,032	3,250	9,282	(1,496)	7,786
Adjustments between accounting basis & funding basis under regulations	780	0	780	(1,041)	0	(1,041)	0	7,471	0	7,210	(42,141)	(34,931)	0	(34,931)
Net Increase/Decrease before Transfers to Earmarked Reserves	6,119	1	6,120	(321)	0	(321)	0	7,443	0	13,242	(38,891)	(25,649)	(1,496)	(27,145)
Transfers to or from earmarked reserves	(2,999)	2,999	0			0	2,377	(15,105)	0	(12,728)	0	(12,728)	0	(12,728)
(Increase)/Decrease in Year	3,120	3,000	6,120	(321)	0	(321)	2,377	(7,662)	0	514	(38,891)	(38,377)	(1,496)	(39,873)
Balance as at 31 March 2026	9,986	20,957	30,944	1,948	9,160	11,108	15,631	2,840	375	60,897	246,696	307,593	106	307,699

BALANCE SHEET

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 Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide service. 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.

	Notes	31st March 2026 £000	31st March 2025 £000
Property, Plant & Equipment	D1	402,513	393,892
Investment Property	D2	899	899
Intangible Assets	D3	962	2,289
Long Term Debtors	D4	906	830
Long Term Assets		405,280	397,911
Investments	F1	0	6,000
Inventories	D9	1,609	1,631
Short Term Debtors	D4	48,436	40,592
Cash and Cash Equivalents	F1	1,853	762
Current Assets		51,897	48,985
Other Short Term Liabilities	E2	(12,043)	0
Short Term Creditors	D5	(5,496)	(1,319)
Provisions	D6	(1,717)	(1,818)
Revenue Grants received in advance		(15,221)	(12,296)
Current Liabilities		(34,477)	(15,433)
Long Term Borrowing	E2	(104,306)	(104,063)
* Other Long Term Liabilities	E2	(10,802)	19,237
Capital Grants received in advance		0	(667)
Long Term Liabilities		(115,107)	(85,493)
Net Assets		307,593	345,969
Usable reserves	C3	60,897	60,383
Unusable Reserves	C4	246,696	285,587
Total Reserves		307,593	345,969

- Other Long Term Liabilities includes a newly valued Pension Asset

BALANCE SHEET

Group Balance Sheet as at 31 March 2026

	Notes	31st March 2026 £000	31st March 2025 £000
Property, Plant & Equipment	D1	402,790	394,238
Investment Property	D2	899	899
Intangible Assets	D3	962	2,289
Long Term Debtors	D4	906	830
Long Term Assets		405,557	398,256
Investments	F1	0	6,000
Inventories	D9	1,653	1,659
Short Term Debtors	D4	48,882	43,741
Cash and Cash Equivalents	F1	2,370	774
Current Assets		52,906	52,174
Short Term Creditors	E2	(7,898)	(3,253)
Other Short Term Liabilities	D5	(12,043)	0
Provisions	D6	(1,717)	(1,818)
Revenue Grants received in advance		(15,221)	(12,296)
Current Liabilities		(36,879)	(17,366)
Other Long Term Liabilities	E2	(10,802)	19,237
Capital Grants Received in advance		0	(667)
Long Term Borrowing	E2	(104,306)	(104,063)
Long Term Liabilities		(115,107)	(85,493)
Net Assets		306,476	347,571
Usable reserves	C3	59,780	61,984
Unusable Reserves	C4	246,696	285,587
Total Reserves		306,476	347,571

CASH FLOW STATEMENT

Cash Flow Statement at 31 March 2026

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	Notes	2025/26 £000	2024/25 £000
Net surplus or (deficit) on the provision of services		6,846	7,753
Adjustment to surplus or deficit on the provision of services for non-cash movements	F2	(366)	5,327
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	F3	(6,523)	0
Net cash flows from Operating Activities		(43)	13,080
Investing Activities	F4	(11,017)	(29,437)
Financing Activities	F5	12,151	412
Net increase or (decrease) in cash and cash equivalents		1,091	(15,945)
Cash and cash equivalents at the beginning of the reporting period		762	16,707
Cash Balance at End of Period		1,853	762

CASH FLOW STATEMENT

Group Cash Flow Statement as at 31 March 2026

	Notes	2025/26 £000	2024/25 £000
Net surplus or (deficit) on the provision of services		(7,759)	11,012
Adjustment to surplus or deficit on the provision of services for non-cash movements	F2	10,044	3,159
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	F3	(1,823)	0
Net cash flows from Operating Activities		462	14,171
Investing Activities	F4	(11,017)	(29,437)
Financing Activities	F5	12,151	412
Net increase or (decrease) in cash and cash equivalents		1,596	(14,854)
Cash and cash equivalents at the beginning of the reporting period		774	15,628
Cash Balance at End of Period		2,370	774

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B1. Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund	2025/26 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Strategic Purpose	Net Expenditure Chargeable to the General Fund Balances	2024/25 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
2,023	61	1,963	Business Transformation and Organisational Development	2,019	122	1,897
3,198	251	2,947	Community and Housing GF Services	2,438	351	2,087
(3,792)	45	(3,838)	Corporate Services	(3,429)	59	(3,487)
5,304	197	5,107	Environmental Services	5,428	676	4,752
4,839	380	4,458	Financial and Customer Services	4,128	493	3,635
(3,369)	568	(3,937)	Housing Revenue Account	11,517	8,014	3,504
3,907	422	3,485	Legal, Democratic and Property Services	3,678	929	2,750
2,252	135	2,116	Planning, Regeneration and Leisure Services	1,234	570	663
706	0	706	Regulatory Client	(5,177)	0	(5,177)
4,461	1,060	3,401	Rubicon Client	3,790	1,169	2,621
180	70	110	Starting Well	379	179	201
19,708	3,190	16,518	Net Cost of Services	26,007	12,561	13,446
(25,679)	(3,397)	(22,282)	Other Income and Expenditure	(29,213)	(8,014)	(21,199)
(5,971)	(207)	(5,764)	Surplus or Deficit	(3,206)	4,547	(7,753)

4,015	Opening General Fund Balance	7,221
5,971	Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(3,206)
9,986	Closing General Fund Balance at 31 March	4,015

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B2. Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total
	£000	£000	£000	£000
Business Transformation and Organisational Development	0	61	0	61
Community and Housing GF Services	10	241	0	251
Corporate Services	0	45	0	45
Environmental Services	184	13	0	197
Financial and Customer Services	0	380	0	380
Housing Revenue Account	0	568	0	568
Legal, Democratic and Property Services	299	123	0	422
Planning, Regeneration and Leisure Services	45	90	0	135
Regulatory Client	0	0	0	0
Rubicon Client	1,060	0	0	1,060
Starting Well	0	70	0	70
Net Cost of Services	1,599	1,591	0	3,190
Other Income and Expenditure from the Expenditure and Funding Analysis	0	0	(3,397)	(3,397)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,599	1,591	(3,397)	(207)

B3. Expenditure and Income Analysed by Nature

Revenue from contracts with Service Recipients

The policy on fees and charges is that all services should be charged where it is appropriate to do so unless there are conflicting policies for legal reasons not to do so. The charge should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons.

Where the Council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood by the service. Charges must be linked to both service and strategic objectives and be clearly understood.

The direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood. Any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all Council services. Where appropriate, annual inflationary uplifts will be applied by the Council and approved through the budget setting process.

Expenditure:	2025/26 £000	2024/25 £000
Employee Benefits Expenses	19,647	19,296
Other Expenditure	57,659	59,987
Depreciation, Amortisation, Impairment	11,614	10,498
Interest Payments	13,100	5,644
Precepts and Levies	1,153	2,225

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Income:	2025/26 £000	2024/25 £000
Fees, Charges and other service Income	(37,617)	(37,969)
Interest and Investment Income	(6,858)	(7,510)
Income for Council tax, non-domestic rates, district rate income	(22,869)	(21,694)
Government grants and Contributions	(22,150)	(32,536)
Gain on Disposal of Assets	(1,071)	(208)
Internal Recharges	(5,762)	(5,488)
(Surplus) or Deficit on the Provision of Services	6,846	(7,753)

B4. Other Operating Income and Expenditure

	2025/26 £000	2024/25 £000
Parish council precepts	63	60
(Gains)/losses on the disposal of non-current assets	(1,069)	(208)
Total	(1,006)	(148)

B5. Financing and Investment Income and Expenditure

	2025/26 £000	2024/25 £000
Interest payable and similar charges	5,571	6,826
Interest receivable and similar income	(380)	(8,707)
Total	5,191	(1,881)

B6. Taxation and Non-Specific Grant Income and Expenditure

	2025/26 £000	2024/25 £000
Income		
Council Tax Income	(7,420)	(7,138)
Non Domestic Rates Income and Expenditure	(1,549)	(654)
Non-ring-fenced government grants	(4,887)	(10,910)
Capital Grants and Contributions	0	(468)
Total	(13,856)	(19,170)

B7. Members Allowances

	2025/26 £000	2024/25 £000
Basic Allowances	132	133
Special Allowances	104	104
Expenses Inc. Car Allowances	1	1
Total	237	238

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B8. External Audit Costs

The Council has incurred the following costs relating to the annual audit of the statement of accounts, certification of grant claims and other services provided by the Council's external auditors.

	2025/26 £000	2024/25 £000
Fee Variations agreed for External Audit	0	0
Housing Benefit Audit	46	45
Fees payable with regard to external audit services carried out by the appointed auditor for the year	192	164
Total	238	209

B9. Grant Income

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

	2025/26 £000	2024/25 £000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	(119)	(121)
New Homes Bonus	(23)	(28)
Section 31	(2,378)	(3,212)
Capital Grants	0	(468)
Non ring-fenced Grant	(6,157)	(7,550)
Total	(8,677)	(11,379)

	2025/26 £000	2024/25 £000
Credited to Services		
MHCLG NNDR Cost of Collection	(105)	(105)
DWP Admin Grant	(208)	(216)
DWP Discretionary Housing	(79)	0
DWP Housing Benefit Subsidy	(10,249)	(14,067)
Total	(10,641)	(14,388)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B10. Officer Remuneration

Since 2010/11, the Management Team has been shared between Redditch Borough Council and Bromsgrove District Council, with each Authority being charged 50% of the cost of each post.

		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Redditch £	Revised Total
Chief Executive	2024/25	179,456	0	179,456	89,728	89,728
	2025/26	175,333	30,011	205,344	102,672	102,672
Executive Director of Leisure Environmental & Community	2024/25	129,630	22,543	152,172	76,086	76,086
	2025/26	136,048	23,264	159,312	79,656	79,656
Total	2024/25	455,599	17,703	473,303	127,771	165,814
	2025/26	367,725	0	367,725	252,980	182,328
Officers Remuneration Bromsgrove District Council (50% recharged to Redditch Borough Council):						
		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Bromsgrove £	Total
Deputy Chief Executive and Director of Resources	2024/25	170,805	0	170,805	85,402	85,402
	2025/26	151,910	13,731	165,641	82,821	82,821
Head Of Legal & Democratic Services	2024/25	105,339	17,703	123,042	61,521	61,521
	2025/26	115,876	19,098	134,974	67,487	67,487
Total	2024/25	276,144	17,703	293,847	146,923	146,923
	2025/26	267,786	32,829	300,615	150,308	150,308

The costs of the Deputy Chief Executive and Director of Resources post have reduced due to a change in the postholder in April 2025 and October 2025.

Senior Employees Remuneration

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

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2025/26	2024/25
£50,001 to £55,000	9	0
£55,001 to £60,000	1	1
£60,001 to £65,000	0	0
£65,001 to £70,000	4	14
£70,001 to £75,000	1	0
£75,001 to £80,000	0	0
£80,001 to £85,000	0	0
£85,001 to £90,000	0	0
£90,001 to £95,000	0	2
£95,001 to £100,000	4	0
£100,001 to £105,000	0	1
£105,001 to £110,000	1	0
£110,001 to £115,000	0	0
£115,001 to £120,000	1	1
£120,001 to £125,000	0	0
£125,001 to £130,000	0	0
£130,001 to £135,000	0	0
£135,001 to £140,000	0	0
£140,001 to £145,000	0	1
£145,001 to £150,000	1	0
Total	22	20

B11. Termination Benefits

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0-£20,000	1	0	0	0	1	0	277	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
Total cost included in bandings							277	0
Cost to Redditch Borough Council							277	0
Exit Packages undertaken by Redditch Borough Council with a shared cost to Bromsgrove District Council							0	0
Total cost included in the CIES							17,576	0

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C1. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact upon 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. For housing authorities, 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 IV 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.

Usable Reserves						
Balance Sheet as at 31 March 2026	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost (transferred to (or from) the Pensions Reserve)	8,355	0	0	0	0	(8,355)
Council tax and NDR (transfers to or from the Collection Fund)	904	0	0	0	0	(904)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,880)	0	0	0	0	6,880
Total Adjustments to Revenue Resources	2,379	0	0	0	0	(2,379)
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	103	(103)	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	(7,471)	0	7,471	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	6,327	0	0	0	(6,327)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,599)	0	0	0	0	1,599
Total Adjustments to Revenue Resources	(1,599)	(1,041)	(103)	7,471	0	(4,728)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	103	0	0	(103)
Total Adjustments to Capital Resources	0	0	103	0	0	(103)
Total Adjustments	780	(1,041)	0	7,471	0	(7,210)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Balance Sheet as at 31 March 2025	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost (transferred to (or from) the Pensions Reserve)	2,017	0	0	0	0	(2,017)
Council tax and NDR (transfers to or from the Collection Fund)	6,217	0	0	0	0	(6,217)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,122)	0	0	0	375	5,747
Total Adjustments to Revenue Resources	2,112	0	0	0	375	(2,487)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	184	0	(184)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	(1,924)	0	0	0	1,924
Total Adjustments to Revenue Resources	184	(1,924)	(184)	0	0	1,924
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(777)	0	0	777
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	28	0	(28)
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	0	(777)	28	0	749
Total Adjustments	2,296	(1,924)	(961)	28	375	186

C2. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2024/25 and 2025/26.

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	01-Apr-24 £0	2024/24 £0	2024/25 £0	31-Mar-25 £0	2025/26 £0	2025/26 £0	31-Mar-26 £0
General Fund:							
Business Improvement District	209	0	0	209			209
Business Rates Retention Scheme	4,560	0	0	4,560			4,560
Community Development	74	0	0	74			74
Community Safety	211	0	0	211	450		661
Corporate Services	2,594	0	0	2,594		-1,937	657
Council Tax Benefit	605	0	0	605		0	605
Covid-19 (Collection Fund)	55	0	0	55		-55	0
Covid-19 (General)	2,006	429	0	2,435		-2,435	0
Customer Services	183	0	0	183			183
Economic Growth	718	123	0	841			841
Electoral Services	63	0	0	63			63
Environmental Vehicles	29	0	0	29		-29	0

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

EPR Funding Allocation	0	0	0	0	2,062		2,062
Equipment replacement	25	0	0	25			25
Essential Living Fund	135	0	0	135			135
Financial Services	149	442	-131	460			460
General Risk reserve	45	0	0	45		-45	0
Gypsy and Traveller Assessment	67	0	0	67		-67	0
Hardship Fund	0	0	0	0	80		80
Homelessness	12	0	0	12			12
Homelessness Prevention	519	0	0	519			519
Housing Benefit Implementation	270	0	0	270	38		308
Land Charges	9	0	0	9			9
Land Drainage	129	0	0	129			129
Local Plan Fund	0	0	0	0	539		539
Parks & Open spaces	8	0	0	8		-8	0
Pensions	201	0	0	201		-201	0
Planning Services	692	0	0	692		-692	0
Redditch Town Hall Fire Alarm	0	0	0	0	165		165
Regeneration & Property	602	0	0	602	176	-68	710
Restart Grants	2,900	24	0	2,924		-2,924	0
Starting Well	0	0	0	0	178		178
Town Centre	7	0	0	7		-7	0
Transformational Growth	123	0	0	123		-123	0
Ukrainian Support	0	0	0	0	232		232
Universal Credit	56	0	0	56		-38	18
Ward Budgets	0	0	0	0	180	-60	120
Warmer Homes	16	0	0	16			16
New Reserves - MTFP 2026							
Health and Safety Capital Works					603		603
Town Hall Works Reserve					1,000		1,000
Library Work - Town Hall Write Off					667		667
Planning Reserve for planning applications					100		100
Insurance costs for non-adopted roads					100		100
Risk and Resilience Reserve					2,500		2,500
LGR Reserve					1,000		1,000
Community Investment Fund					1,600		1,600
Legal Costs for Skerry, Boultons Lane					19		19
TOTALS	17,186	1,018	-247	17,957	11,689	-8,689	20,957
HRA							
Housing Capital	10,901	0	-1,741	9,160			9,160
Total HRA	10,901	0	-1,741	9,160	0	0	9,160
Total Earmarked Reserves	28,087	1,018	-1,988	27,117	11,689	-8,689	30,117

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C3. Usable Reserves

	31st March 2026 £000	31st March 2025 £000
Capital Receipts Reserve	15,631	13,254
Capital Grants Unapplied	375	375
Major Repairs Reserve	2,840	10,502
HRA Balances	1,948	2,269
HRA Earmarked Reserves	9,160	9,160
General Fund Balances	9,986	6,866
Earmarked Reserves	20,957	17,957
Total Usable Reserves	60,897	60,383

Capital Receipts Reserve

These are receipts from the sale of Council assets (all relating to the Housing Revenue Account), which have not yet been used to finance capital expenditure.

	31st March 2026 £000	31st March 2025 £000
Balance 1 April	13,254	14,215
Capital Receipts in year	9,388	0
Sub-Total	22,642	14,215
Less:		
Capital Receipts used for financing	(7,011)	(961)
Balance 31 March	15,631	13,254

Since 1 April 2016, Local Authorities have had more flexibility in the use of capital receipts. There is greater scope to use the capital receipts to fund upfront costs that will generate ongoing savings and/or transform service delivery. All of the balance is available to be used either for financing capital investments or funding projects qualifying for the flexible use.

Capital Grants Unapplied

	31st March 2026 £000	31st March 2025 £000
Balance on 1 April	375	0
Unapplied Capital Grants received in year	0	375
Unapplied Capital Grants transferred to CAA in year on application	0	0
Balance 31 March	375	375

Major Repairs Reserve

The major repairs reserve receives the depreciation relating to housing revenue account assets which totalled £7.256m in year. The reserve is used to finance the Housing Investment Programme, increasing the balance held in reserves from £10.474m to £2.840m.

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	10,474	10,474
Depreciation	7,471	7,256
Capital expenditure on HRA Land, Houses and Other Property	(15,105)	(7,228)
Balance 31 March	2,840	10,474

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C4. Unusable Reserves

	31st March 2026	31st March 2025
	£000	£000
Revaluation Reserve	120,831	117,643
Capital Adjustment Account	137,310	144,037
Pensions Reserve	(10,726)	19,237
Collection Fund Adjustment Account	(511)	4,798
Accumulated Absences Account	(208)	(128)
Total Unusable Reserves	246,696	285,587

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases of its Property, Plant and Equipment.

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 before that date are consolidated into the balance on the Capital Adjustment Account.

	31st March 2026	31st March 2025
	£000	£000
Balance at 1 April	117,643	106,232
Upward revaluation of assets	3,188	11,411
Balance at 31 March	120,831	117,643

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Capital Adjustment Reserve

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	144,037	146,168
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	(927)	(5,350)
Revaluation losses on Property, Plant and Equipment	(3,066)	0
Amortisation of Intangible Assets	(7,471)	(52)
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	(5,600)	0
	(17,064)	(5,402)
Adjusting amounts written out of the Revaluation Reserve	0	2,879
Net written out amount of the cost of non current assets consumed in the year	(17,064)	(2,523)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	4,829	777
Use of the Major Repairs Reserve to finance new capital expenditure	4,538	(28)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	970	0
Capital expenditure charged against the General Fund	0	(357)
	10,337	392
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0	0
Balance at 31 March	137,310	144,037

Pension Reserve

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

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	19,237	(3,703)
Remeasurements of the net defined benefit liability/(asset)		0
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	(29,963)	25,793
Employers pensions contributions and direct payments to pensioners payable in the year	0	(2,853)
Balance at 31 March	(10,726)	19,237

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.

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	(4,798)	(2,142)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	5,309	6,940
Balance at 31 March	511	(4,798)

Accumulated Absences Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlements carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	31st March 2026 £000	31st March 2025 £000
Balance at 1 April	(128)	(128)
Settlement or cancellation of accrual made at the end of the preceding year	0	(128)
Amounts accrued at the end of the current year	(80)	128
Balance at 31 March	(208)	(128)

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment

Current Year

	Council Dwellings / HRA Assets £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	Total PP&E £000
Cost or Valuation									
Balance as at 1 April 2025	305,880	10,251	50,722	14,558	5,498	1,951	29,221	3,405	421,486
Additions	0	0	0	0	0	0	28,594	0	28,594
Revaluation increases/decreases to Revaluation Reserve	0	3,357	(3,829)	0	0	0	0	0	(472)
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
Other movements	0	0	(39)	(424)	0	0	424	0	(39)
Balance as at 31 March 2026	305,880	13,608	46,854	14,134	5,498	1,951	58,239	3,405	449,569
Depreciation and Impairment									
Balance as at 1 April 2025	0	0	(12,933)	(12,901)	(1,759)	0	0	0	(27,593)
Depreciation Charge	(13,072)	0	(3,852)	(394)	(155)	0	0	0	(17,473)
Depreciation written out on Revaluation Reserve	0	0	(1,989)	0	0	0	0	0	(1,989)
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2026	(13,072)	0	(18,774)	(13,295)	(1,914)	0	0	0	(47,055)
Net Book Value									
Balance as at 31 March 2026	292,808	13,608	28,080	839	3,584	1,951	58,239	3,405	402,513
Balance as at 31 March 2025	305,880	10,251	37,789	1,657	3,739	1,951	29,221	3,405	393,892

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment

Comparative Year

	Council Dwellings	Operational Land	Operational Building	Vehicles, Plant and Equipment	Infrastructure	Community assets	Assets under construction	Surplus Asset	Total PP&E
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
Balance as at 1 April 2024	311,139	10,251	47,843	14,024	5,673	1,627	35,149	1,880	427,586
Adjustments re prior years	-5,259	0	0	110	-175	324	-35,149	1,525	-38,624
Adjusted opening balance	305,880	10,251	47,843	14,134	5,498	1,951	(0.000)	3,405	388,962
Additions	0	0	0	424	0	0	29,221	0	29,645
Revaluation increases/decreases to Revaluation Reserve	0	0	2,879	0	0	0	0	0	2,879
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2025	305,880	10,251	50,722	14,558	5,498	1,951	29,221	3,405	421,486
Depreciation and Impairment									
Balance as at 1 April 2024	(8,242)	0	(9,597)	(11,053)	(1,593)	40	0	0	(30,445)
Adjustments re prior years	8,242	0	0	0	0	(40)	0	0	8,202
Adjusted opening balance	0	0	(9,597)	(11,053)	(1,593)	0	0	0	(22,243)
Depreciation Charge	0	0	(3,336)	(1,848)	(166)	0	0	0	(5,350)
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2025	0	0	(12,933)	(12,901)	(1,759)	0	0	0	(27,593)
Net Book Value									
Balance as at 31 March 2025	305,880	10,251	37,789	1,657	3,739	1,951	29,221	3,405	393,892
Balance as at 31 March 2024	302,897	10,251	38,246	2,971	4,080	1,667	35,149	1,880	397,140

NOTES TO THE BALANCE SHEET

Depreciation

All assets have been depreciated using a reducing balance method. For the housing revenue account, the depreciation calculation is based on the replacement cost and useful life of major components – bathroom, kitchen, roof, rewire, central heating boiler, central heating system, windows and the structure.

The Council's valuers and surveyors have determined the useful economic life of the assets. Buildings have a useful life of between 15 to 100 years. Vehicles, plant and equipment and software licences have a useful life of between 5 to 10 years.

Valuation of Property, Plant and Equipment

The basis for valuation of individual classes of asset owned by the Council is explained in the Accounting Policies. The net book value as at 31 March represents the value of the assets belonging to the Council. The Council operates a rolling programme of valuations to ensure that all Property, Plant and Equipment is measured at current value at least every five years. In the intervening years, asset values are reviewed and updated as appropriate, including through the application of indexation, to ensure that the carrying value of assets is not materially misstated at the reporting date. Bruton Knowles have been instructed to act as the Council's valuers for 2025/26.

Valuations of land and buildings are conducted in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Refuse Authority and Central Government. The Council share of business rate assets and liabilities in 2025/26 was 40% in accordance with the Worcestershire Business Rate Pilot Pool that operated for that year. This was in line with 2024/25.

Transfers between levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 and 3 Fair Values for Surplus Assets Significant observable inputs (Level 2)

The fair value for the assets has been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the Local Authority area. 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 categorised at Level 2 in the fair value hierarchy.

Highest and best use of surplus assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the assets is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured at £3.405m. Valuations have been conducted by Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

NOTES TO THE BALANCE SHEET

D2. INVESTMENT PROPERTIES

	2025/26 £000	2024/25 £000
Balance at start of the year	899	899
Additions:		
- Purchases	0	0
Disposals	0	0
Transfers:		
- to/from Property, Plant and Equipment	0	0
Other changes	0	0
Balance at end of the year	899	899

D3. INTANGIBLE ASSETS

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.321m (£0.052m in 2024/25) charged to revenue in the current year was charged to revenue cost centres who use the software which was mainly Revenues and Benefits, Cashiers and the IT service.

All software is assigned a useful life of seven years.

The movement in intangible assets for the year is as follows:

	£000
Cost or Valuation	
Balance as at 1 April 2025	4,382
Additions	0
Other movements	(1,006)
Balance as at 31 March 2026	3,376
Depreciation and Impairment	
Balance as at 1 April 2025	(2,093)
Depreciation Charge	(321)
Depreciation written out on Revaluation Reserve	0
Balance as at 31 March 2026	(2,414)
Net Book Value	
Balance as at 31 March 2026	962
Balance as at 31 March 2025	2,289

NOTES TO THE BALANCE SHEET

D4. Debtors

	Long term debtors		Short term debtors	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Central Government Bodies	0	0	21,760	12,795
Other entities and individuals	906	830	30,274	12,201
Housing Rents	0	0	2,400	19,046
Less bad debt provision	0	0	(5,998)	(3,450)
Total	906	830	48,436	40,592

D5. Creditors

	Short term creditors	
	2025/26 £000	2024/25 £000
Central Government bodies	(479)	(44)
Other local authorities	(846)	(802)
Housing Rents Prepaid	(546)	(12)
Other Entities and Individuals	(3,625)	(461)
Total	(5,496)	(1,319)

D6. Provisions

2025/26

	Balance as at 1 April 2025 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2026 £000
Insurance	(411)	(53)	227	(237)
NNDR Appeals	(1,279)	(1,650)	1,657	(1,272)
Employee Benefit	(128)	(80)	0	(208)
Total	(1,818)	(1,783)	1,884	(1,717)

2024/25

	Balance as at 1 April 2024 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2025 £000
Insurance	(471)	0	60	(411)
NNDR Appeals	(643)	(2,110)	1,474	(1,279)
Employee Benefit	(128)	0	0	(128)
Total	(1,242)	(2,110)	1,534	(1,818)

NOTES TO THE BALANCE SHEET

Business Rates Appeals Provision

Within the Collection Fund, the Council has set aside provision for any potential liabilities because of business rates appeals against rateable value. A provision has been made for all outstanding appeals relating to the rate revaluation undertaken in 2010 and 2017 and set aside a provision for General Practitioner and Automated Teller Machines (ATMs) where there was a legal challenge in place against unsuccessful rating appeals. The challenge was upheld in May 2020 and payments have been made during the financial year.

There is no allocation of the business rates appeals to the Council because of the arrangements in place whereby Worcestershire County Council have taken the lead of a Pilot Business Rates Pool covering all of Worcestershire, securing 75% of the business rate resources to the area. The Council has continued to receive a share of the business rate resources in the General Fund based on a no detriment basis.

Insurance Provision

The Council also holds a provision for potential insurance claims. This is currently £0.230m. The Council self-insures up to the value of £0.010m per claim and this provision is calculated with regard to the level of outstanding claims.

D7. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increased in the Capital Financing Requirement (CFR) which is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

Capital Expenditure and Capital Financing	2025/26 £000	2024/25 £000
Opening Capital Financing Requirement	162,312	152,724
Capital Investment		
Property, Plant and Equipment	27,531	29,221
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	0	0
Total	27,531	29,221
Sources of finance		
Capital receipts	(9,522)	(184)
Government grants and other contributions	(2,069)	(11,221)
Major Repairs Allowance	(7,471)	(7,228)
Sums set aside from revenue:		
Direct revenue contributions:		
General Fund	0	0
HRA	0	0
Minimum Revenue Provision (MRP)	(926)	(1,000)
	(19,988)	(19,633)
Closing Capital Finance Requirement	169,855	162,312
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	7,543	9,588
Increase/(decrease) in Capital Financing Requirement	7,543	9,588

NOTES TO THE BALANCE SHEET

D8. Assets Held for Sale

There were no assets held for sale as at 31 March 2026. To be an asset held for sale, it requires the Council to be committed to plan to sell the asset which is available for immediate sale, being actively marketed and a sale is highly probable within twelve months.

D9. Inventories

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2026 and 2025 are as follows:

	Consumable Stores	
	2025/26	2024/25
	£000	£000
Balance outstanding at start of year	1,631	1,575
Purchases	32	1,282
Recognised as an expense in year	(54)	(1,226)
Balance outstanding at year end	1,609	1,631

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E1. Defined Benefit Pension Scheme

Retirement Benefits

Discretionary post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

Transactions relating to post-employment Benefits.

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme		Discretionary Benefits	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
<i>Service cost comprising:</i>				
Current service cost	1,591	2,063	0	0
Past service cost	13	0	0	0
Financing and Investment Income and Expenditure:				
Net Interest expense	(1,035)	46	0	0
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	569	2,109	0	0

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
<u>Remeasurement of the net defined benefit liability comprising:</u>				
Return on plan assets (excluding the amount included in the net interest expense)	12,346	(4,098)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(7,828)	(241)	0	0
Actuarial gains and losses arising on changes in financial assumptions	3,436	(19,872)	0	0
Actuarial gains and losses arising on changes in Experience	(2,366)	(1,470)	0	0
Other - Asset Ceiling	(38,278)	0	0	0
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	(32,121)	(23,572)	0	0

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code		(569)	(2,109)	0	0
Actual amount charged against the general fund balance for pensions in the year:					
Employers' contributions payable to scheme		3,045	2,853	251	0
Retirement benefits payable to pensioners		5,879	0	0	0

Pension Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Present value of the defined obligation	(125,316)	(120,074)	(2,066)	(2,204)
Fair value of plan assets	152,713	137,090	0	0
Sub-total	27,397	17,016	(2,066)	(2,204)
Other movements in the liability (asset) <i>Asset Ceiling</i>	(38,278)	0	0	0
Net liability arising from the defined benefit obligation	(10,881)	17,016	(2,066)	(2,204)

The present value of the defined obligations includes as an estimated cost following the decision of the Sargeant/McCloud cases (generally referred to as McCloud), which rules that the transitional protections offered to older members of the Public Service Pension Schemes were amended, constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes including the Local Government Pension Scheme. However, whilst it is highly unlikely that the exact form of the remedy will be known in the immediate future, and therefore any cost at this stage can only be an estimate.

	Local Government Pension Scheme		Discretionary Benefits	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Opening fair value of scheme assets	137,090	136,727	0	0
Interest income	7,893	6,510	0	0
Remeasurement gain/(loss):				
the return on plan assets, excluding the amount included in the net interest expense	9,759	(4,098)	0	0
Contributions from employer	3,045	2,853	0	0
Contributions from employees into the scheme	805	742	0	0
Benefits/transfers paid	(5,879)	(5,644)	0	0
Closing value of scheme assets	152,713	137,090	0	0

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Reconciliation of the present value of the scheme liabilities

		Local Government Pension Scheme		Discretionary Benefits	
		2025/26	2024/25	2025/26	2024/25
		£000	£000	£000	£000
Opening balance at 1 April		(120,074)	(138,209)	0	0
Current service cost		(1,591)	(2,063)	0	0
Interest cost		(6,858)	(6,556)	0	0
Contributions from scheme participants		(805)	(742)	0	0
Remeasurement (gains) and losses:					
	Experience (gains/losses)	(5,241)	1,470	0	0
	Financial Assumptions (gains/losses)	3,436	19,872	0	0
	Demographic Assumptions (gains/losses)	(2,366)	241	0	0
Past service cost		(13)	0	0	0
Benefits/transfers paid		5,879	5,913	0	0
Asset ceiling impact		(38,027)	0	0	0
Balance as at 31 March		(165,660)	(138,209)	0	0

Local government pension scheme assets comprised:

All scheme assets have quoted prices in active markets.

Local government pension scheme assets comprised:

	Fair value of scheme assets	
	31st March 2026	31st March 2025
Cash and cash equivalents	2,384	2,258
Equities:		
UK quoted	83,136	75,705
Securities	15,712	14,711
Private	417	59
Sub-total equity	99,265	90,475
Bonds:		
UK Corporate	3,306	3,764
UK Government Fixed	4,857	4,322
Sub-total bonds	8,163	8,086

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Property:		
Overseas Property Debt	3,736	3,189
UK Property Funds	8,557	7,541
Sub-total property	12,294	10,729
Alternatives		
UK Infrastructure	27,491	23,051
European Infrastructure	3,109	2,491
Others	8	
Sub-total alternative funds	30,607	25,542
Total assets	152,713	137,090

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2026.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary are set out below:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2025/26	2024/25	2025/26	2024/25
Mortality assumptions:				
<i>Longevity at 65 current pensioners:</i>				
Men	21.9	21.2	21.2	21.2
Women	24.6	23.6	23.6	23.6
<i>Longevity at 65 for future pensioners:</i>				
Men	22.7	22.5	22.5	22.5
Women	26.0	25.4	25.4	25.4
Financial assumptions:				
Rate of increase in salaries	4.5%	5.8%	4.3%	4.3%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes to 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 longevity assumption, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur,

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E2. Financial Instruments

	Current						Non-Current					
	Investments		Debtors		Total		Investments		Debtors		Total	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Financial Assets</u>												
Cash not falling into the following categories	0	0	0	0	0	0	0	0	0	0	0	0
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised cost	0	6,000	48,436	40,592	48,436	46,592	0	0	906	830	906	830
Total Financial Assets	0	6,000	48,436	40,592	48,436	46,592	0	0	906	906	906	906
Non-Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	6,000	48,436	40,592	48,436	46,592	0	0	906	906	906	906

	Current						Non-Current					
	Borrowing		Creditors		Total		Borrowing		Creditors		Total	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Financial Liabilities</u>												
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised Cost	(12,043)	0	(5,496)	(1,319)	(17,539)	(1,319)	(104,306)	(104,064)	(10,802)	19,237	(115,107)	(84,827)
Total Financial Liabilities	(12,043)	0	(5,496)	(1,319)	(17,539)	(1,319)	(104,306)	(104,064)	(10,802)	19,237	(115,107)	(84,827)
Non-Financial Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total	(12,043)	0	(5,496)	(1,319)	(17,539)	(1,319)	(104,306)	(104,064)	(10,802)	19,237	(115,107)	(84,827)

The new advances are lifetime loans granted to owner occupiers which will be repaid on the sale of the property. The reclassification relates to lifetime loans granted to owner occupiers and loans to owners of homes of multiple occupation in previous years, which will be repaid on the sale of the property. In all cases, no interest is charged on the loans and a fair value adjustment has been made assuming the loan is repaid after 10 years.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E3. 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 because 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 a central treasury team, under policies approved by the Council within the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch Ratings Services.

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used (for example the rating assigned to a secured investment), otherwise the counterparty credit rating is used. Credit ratings are obtained and monitored by the Council's Treasury Advisors, who will notify changes in the ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investment will be made,
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

The Council defines 'high credit quality' organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For Money Market Funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

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

	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2.5m 5 years	£2.5m 20 years	£2.5m 50 years	£2.5m 20 years	£1m 20 years

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

AA+	£2.5m 5 years	£2.5m 10 years	£2.5m 25 years	£2.5m 10 years	£1m 10 years
AA	£2.5m 4 years	£2.5m 5 years	£2.5m 15 years	£2.5m 5 years	£1m 10 years
AA-	£2.5m 3 years	£2.5m 4 years	£2.5m 10 years	£2.5m 4 years	£1m 10 years
A+	£2.5m 2 years	£2.5m 3 years	£2.5m 5 years	£2.5m 3 years	£1m 5 years
A	£2.5m 13 months	£2.5m 2 years	£2.5m 5 years	£2.5m 2 years	£1m 5 years
A-	£2.5m 6 months	£2.5m 13 months	£2.5m 5 years	£2.5m 13 months	£1m 5 years
None	£1m 6 months	n/a	£3m 25 years	£1m 5 years	£500k 5 years
Pooled funds	£2.5m per fund or trust				

Banks Unsecured: call and notice accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the bank/building society is failing or likely to fail.

Banks Secured: covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are exempt from bail-in and are secured on the financial institution's assets, which limits the potential losses in the unlikely event of insolvency.

Government: Investments with local authorities or guaranteed by national governments, investments with multilateral development banks. These are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Investments with the Debt Management Account Deposit Facility (DMADF) are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, no upper limit was imposed on investments with the DMADF.

Corporates: Loans, bonds, and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

Pooled Funds: Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing a wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and extremely low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charges to the Surplus / Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus / 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 / Deficit on the Provision of Services and affect the General Fund Balance.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. It has a number of strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. In 2025/26, the Council had no variable long-term investments or borrowings.

Price Risk

The Council, excluding its exposure to the Pension Fund, does not invest in equity shares.

E4. Leases

Leases are classified as finance leases, where the terms of the lease transfer all the risks and rewards incidental to ownership of the property, plant or 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 elements 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 Authority as 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 Authority 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 period in which they are incurred.

Lease payments are apportioned between:

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

- 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 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 Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied in writing down the lease liability. Contingent rents are charged as expenses in the periods 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 asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority 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 and revaluation and impairments 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.

The Council has no finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or 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. there is a rent-free period at the commencement of the lease).

The Council leases multifunctional devices (MFDs) through a lease that commenced in 2023/24 for an initial period until 31 July 2028. The future minimum payments under non-cancellable operating leases in future years are set out below:

	2025/26 £000	2024/25 £000
Minimum lease rentals payable:		
No later than 1 year	17	23
Later than 1 year and no later than 5 years	14	92
Later than 5 years	0	0
Total	31	115

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The Authority as a Lessor – Finance Leases

When the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable is apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of the rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve (England and Wales).

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

The Council has no finance leases.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (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.

The Authority, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports and community facilities
- For the economic development purposes to provide suitable affordable accommodation for small local businesses
- Any other purpose

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E5. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The statements are prepared on a general principle of a going concern and that the functions and services provided by the Council will continue to operate for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by the International Financial Reporting Standards (IFRS).

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.

Summary of Significant Accounting Policies

i) Revenue and Expenditure Recognition

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

- Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer and is measured at the amount of the transaction price allocated to that performance obligation. Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.
- Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cashflows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The Council has set a de minimus level for accruals of creditors and debtors that are calculated manually to avoid addition time and cost in estimating and recording accruals.

This level is reviewed annually and is currently set at £5,000. If a payment or receipt is split across different cost centres, the limit is for the whole payment or receipt.

Exceptions to this de minimus rule where accruals are made in full are:

- Qualifying expenditure upon which income from government grant or other third parties is dependent and associated grant income, where the grant funding would be lost if the accrual is not made.
- Invoices for the same supply or service that are chargeable to the same service area are aggregated where their total is over £500.
- Accruals posted based on orders that have been goods receipted on the Tech One system.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

- For capital projects work in progress schedules will be obtained and accruals will be processed on this basis

ii) 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 high liquid 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 Cashflow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iii) Prior period adjustments and changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

iv) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of the holding fixed assets during the year:

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

The Authority is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP 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 for the two.

v) Council Tax and Non-Domestic Rates (England)

Billing Authorities act as agent, 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 (i.e. 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.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Accounting for Council Tax and NDR

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 Authority'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 Authority'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.

vi) 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 employees render service to the Authority. An accrual is made for the cost of holidays 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 period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the either of when the Authority can no longer withdraw the offer of those benefits or when the Authority 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 Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, appropriations are required to and from the Pension 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 Authority are members of the Local Government Pension Scheme, administered by Worcestershire County Council known as the Worcestershire Pension Fund (WPF). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

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

The liabilities of the WPF attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate of 2.5% (based on the indicative rate of return on a basket of high-quality corporate bonds, government gilts and other factors).

The assets of WPF attributable to the Authority 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 because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities because of a scheme amendment or curtailment whose effects relates to years of service earned in earlier years and debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
 - Net interest on the net defined benefit liability, i.e. net interest expenses for the Authority – the change during the period on the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, considering any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - Contributions paid to the WPF – cash paid as employer's contributions to the pension fund in settlement of liabilities – not accounted for as an expense.

Discretionary Benefits

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

vii) Events after the Balance Sheet date

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

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts 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.

viii) Fair Value Measurement

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

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

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

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

ix) Financial Instruments

Financial Liabilities

Financial liabilities are recognised when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Financial liabilities are initially measured at fair value and carried at their amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount (balance carried forward) of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount included in the Balance Sheet is the outstanding interest repayable, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement. Accounting for debt re-structuring or early settlement will be in accordance with the Code and relevant statute.

Financial assets are classified into the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income, and
- Financial assets at fair value through profit and loss

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The classification is determined by the cashflow and business model characteristics of the financial assets, as set out in the Code, and is determined at the time of initial recognition.

Financial Assets at Amortised Cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets to collect contractual cashflows and where the cashflows are solely payments of principal and interest. This includes most trade receivables, loans receivable and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

For most of the loans that the Council has made, this means that the amount included in the Balance Sheet is the outstanding principal receivable, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council has made interest free loans to homeowners (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at an effective rate of interest rather than interest free, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets at Fair Value through Other Comprehensive Income or Profit and Loss Account

The Council does not hold any financial assets that require fair value adjustment through either other comprehensive income (FVOCI) or through profit and loss (FVPL) and therefore, does not hold accounting policies for these issues.

Impairment

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Council recognises a loss allowance representing expected credit losses on the financial instrument.

The Code requires that Local Authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the counterparty for a financial asset is central government or Local Authority for which relevant statutory provision prevent default.

The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, and otherwise at an amount equal to twelve month expected credit losses.

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the net present value of all the contractual cashflows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cashflows that the Council expects to receive, discounted at the original effective

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

interest rate. Any adjustment is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss.

x) Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Account 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 acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

xi) Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary as Heritage Assets)

Heritage assets are those with cultural, environmental or historical significance that make their preservation for future generations important.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

xii) Intangible Assets

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

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

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

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Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant 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.

xiii) Interests in Companies and Other Entities

An assessment of the Council's interests has been carried out in accordance with the CIPFA Code of Practice to determine a group relationship exists. Inclusion in the group is dependent upon the extent of the Council's control and significant influence over the entity demonstrated through ownership, such as a shareholding in the entity or representation on an entity's board of directors, and materiality. Accounts are prepared on a single entity basis with the Statement of Group Accounts representing the position for the Council and its subsidiary. Interests in other entities are recorded as financial assets at cost, less any provision for losses, or at valuation as appropriate.

xiv) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long-term contracts are accounted for based on charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xv) Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

xvi) Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would influence the reader of the accounts. Notes are only included where items are material by value or nature.

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xvii) 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 administration 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 accruals' basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- 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 value – EUV)

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

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 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 service 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.

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Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any 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 against 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 reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings – the depreciation charge to the Housing Revenue Account is based on component depreciation with the charge being calculated based on the useful life of the major components within the dwellings (kitchen, bathroom, boiler, heating system, electric, roof, windows and structure)
- Vehicles, plant and equipment – straight-line over the useful life, as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation over 25 years

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.

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

Disposals and Non-Current Assets Held for Sale

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (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.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of

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statutory deductions and allowances) is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xviii) Provisions, Contingent Liabilities and Contingent Asset Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering 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 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 is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

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

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.

xix) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council tax for the expenditure.

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

xx) Revenue Expenditure Funded from Capital under Statute

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

xxi) Shared Services

Redditch Borough Council provides the hosting for a number of shared service arrangements with Bromsgrove District and Wyre Forest District Council. A number of other shared services are hosted by Bromsgrove District (including Worcestershire Regulatory Services which is a Jointly Controlled Operation), Worcester City Council and Wyre Forest District Council.

Each arrangement is accounted for within the records of the host Council with a monitoring report prepared for the partner Authority monthly for consideration of the operational costs together with an annual statement of assets and liabilities extracted from the accounts of the host Council. There is a responsibility for each partner Council to account for their share of the arrangement within the Statement of Accounts.

When entering into share services, all capital assets that are purchased are financed by each Authority separately and accounted for on their own Balance Sheet. Any assets purchased prior to the start of the shared service are not included in the shared service; the costs associated with this remain on the accounts of the Authority that purchased the asset only.

The Management Team is shared across both Authorities, as well as other services. Cross-charging occurs where the other Authority uses a resource where there is not a formal shared service in place.

Each Authority pays a fair share of services which are shared, in line with business case; all direct expenditure is shared on this basis, with income staying with the home Authority. Where a cost is only in relation to one Authority, this falls outside the business case and the Authority that gains the benefit is fully charged.

xxii) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in **Note E5**, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are outlined below.

There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to prove an indication that the assets of the

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Authority might be impaired because of a need to close facilities and reduce levels of service provision. The Council holds earmarked General Fund balance of £9.986m and a General Fund reserve of £20.957m.

The Council participates in a number of Shared Services under contractual arrangements with other Councils and is a partner in the Worcestershire Regulatory Services Board. These arrangements are accounted for as Jointly Controlled Operations. A Jointly Controlled operation uses the assets and resources of the partner authorities without the establishment of a separate entity. Under these arrangements, each participant in the arrangement accounts separately for its own transactions including the use of assets, liabilities, income, expenditure and cashflows.

The Council has determined that a Group Accounting relationship exists with Rubicon Leisure Limited which was formed in December 2018. Rubicon Leisure Limited is a company limited by guarantee and is 100% controlled by the Council. Where material, the Group position is disclosed on the face of the applicable Core Statements. All other notes relate to the Council rather than the Group.

The Council has made a 100% provision against the potential cost of business rates appeals arising from the 2010 and 2017 rating list based on indicative information from Analyse Local informed by data from the Valuation Office. In addition, the Council has provided for the cost of the successful appeal to the Supreme Court concluded on 20 May 2020, which ruled that Automated Teller Machines (ATMs) should not be rated separately to the building and the cost of a challenge relating to the business rates of purpose-built General Practice (GP) Surgeries, where there have been reductions in the rateable value from the 2017 rating list. Both the ATM and GP Surgeries outcome was concluded after 31 March 2020 but full provision was made in the provision for business rate appeals. The level of the 2017 rating list provision for appeals has contributed £1.650m and utilised £1.657m in 2025/26. Previously the Council held 4.7% of rating income as a potential provision linked to the level of appeals against the 2010 rating list. Further information on these appeals is provided in **Note D6**.

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcestershire Fire and Rescue Authority and Central Government. The Council share of the business rate assets and liabilities was 40%.

E7. Accounting Standards not yet adopted.

The Code requires that the Council disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The standards introduced by the 2025/26 Code where disclosures are required in the financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- **IFRS 17 – Insurance Contracts**
Though included in the Code in Appendix A. It is limited to insurance contracts that most UK local authorities typically do not hold.
Reason for non-applicability: Only included for reference; it has no direct impact on the authority's financial statements.
- **IFRS 9 and IFRS 7 Financial Instruments Disclosures issued in May 2024**
While these amendments are relevant to financial instruments, their application within local government is affected by statutory overrides and transitional arrangements set out in the Code and relevant regulations. In England, this includes the continued impact of legislative provisions relating to pooled investment funds and other financial instrument classifications.

The Council will review these amendments as they are incorporated into future editions of the Code. At this stage, it is not expected that the amendments will have a material impact on the Council's financial statements, although there may be changes to disclosures in future years.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

- **Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)**

UK local authorities do not engage in foreign currency trading or use it as underlying means of exchange. As an authority RBC does not trade or invest with foreign bodies.

- **IFRS Standards Related to Operating Segments (IFRS 8) for the Expenditure and Funding Analysis (EFA)**

The standard mainly relates to equity or debt traded bodies which is not applicable to UK LA in particular RBC. Likewise, the removal of the EFA.

- **Statutory Overrides and Certain Financial Instruments Standards**

IFRS updates such as IFRS 9 and IFRS 7: While relevant for financial instruments, local authorities benefit from overrides and exemptions (e.g., the IFRS 9 “pooled investment” override in England expires in 2025, with transitional arrangements applying to legacy investments).

However, certain disclosures or measurement requirements under IFRS 9/7 do not fully apply owing to transitional arrangements and legislative exemptions specific to local authority accounting.

- **IPSAS Convergence Notes**

Some IFRS-derived proposals in CIPFA guidance (e.g., IPSAS 49 retirement benefit cash flow reporting) do not fully align with local authority requirements because:

Pension fund accounts in the UK are not required to include cash flow statements. Moreover, its adoption will be a burden to local authorities and will not improve the understanding of their accounts.

E8. Assumptions made about the future and other major sources of estimation uncertainty.

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

E9. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Authority. The Council have considered the materiality of the transactions from both the Council’s and the related parties perspective.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in **Note B9**.

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 B7**.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Many Redditch Borough Councillors are also County Councillors and / or elected members of the Parish Council.

In 2025/26, all members have completed a register of members' disclosable pecuniary interest.

Officers

There were no disclosures made by officers in 2025/26.

Entities Controlled or Significantly Influenced by the Authority

The Council has a wholly owned leisure company called Rubicon Leisure to run its leisure services for it.

As part of the shared services with Bromsgrove District Council, Redditch paid £8.571m (£8.106m in 2024/25) for Bromsgrove hosted services and received £4.667m (£4.715m in 2024/25) for services hosted at Redditch.

The Councils has been involved in shared service arrangements for Economic Development, Land Drainage and Shared Emergency Planning with Wyre Forest District Council. The Council has paid £0.081m to Wyre Forest District Council for services hosted by them.

A shared service arrangement has also been set up between the Council, Bromsgrove District and Wyre Forest for the provision of Building Control. Redditch paid £0.121m to Bromsgrove (this figure is included in the shared services figure above).

For the provision of Car Park services, the Council paid £0.130m to Wychavon District Council.

Under the Internal Audit Shared Service, the Council paid £0.085m to Worcester City Council.

The Council paid Bromsgrove District Council £0.955m for Worcestershire Regulatory Shared Service for hosting Environmental Health and Licencing.

In total, the Council received £0.781m in 2024/25 (£0.584m 2023/24) from Worcestershire County Council for running the Early Help services.

E10. Events after the Balance Sheet date

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority and Central Government. The Council's share of the business rates assets and liabilities in 2025/26 was £452,204.

E11. Contingent Assets

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

There are no contingent assets as at 31 March 2026.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E12. Contingent Liabilities

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

There are no contingent liabilities as at 31 March 2026.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F1. Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Balance Sheet as follows:

	2025/26 £000	2024/25 £000
Cash and Bank balances	1,853	762
Short Term Investments	0	6,000
Total	1,853	6,762

F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2025/26 £000	2024/25 £000
Depreciation	17,473	5,350
Amortisation	2,078	52
(Increase)/Decrease in Debtors	(7,844)	(17,274)
Increase/(Decrease) in Creditors	4,177	(7,236)
Increase in Inventories	22	56
Movement in pension liability	(4,101)	19,230
Other items charged to the net surplus or deficit on provision of services	(12,171)	5,149
Total	(366)	5,327

F3. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing for financing activities.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of PP&E, investment property and intangible assets	0	0
Any other items	(6,523)	0
Total	(6,523)	0

F4. Investing Activities

	2025/26 £000	2024/25 £000
Purchase of PP&E, investment property and intangible assets	(17,761)	(29,645)
Proceeds from the sale of PP&E, investment property and intangible assets	6,744	208
Net Cash flows from Investing Activities	(11,017)	(29,437)

F5. Financing Activities

	2025/26 £000	2024/25 £000
Cash Receipts from Short and Long Term Borrowing	12,043	44,412
Repayment of Short and Long Term Borrowing	108	(44,000)
Net Cash flows from Financing Activities	12,151	412

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

G1. Group Accounts

Rubicon Leisure Limited

Rubicon Leisure Limited was created in 2018/19 and commenced trading on 1 December 2018 through a management agreement with the Council. Rubicon Leisure Limited is a company limited by guarantee and the Guarantor and 100% owner is Redditch Borough Council.

The Council continues to own the buildings and Rubicon operate services at the following sites:

- Abbey Stadium
- Palace Theatre
- Pitcheroak Golf Course
- Pitcheroak Golf Course Café
- Forge Mill Museum
- Batchley, Oakenshaw, Windmill and Winvates Green Meeting Rooms
- Arrow Valley Visitor Centre

The company activity is included in the Group Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet. The Group Balance Sheet nets off transactions between the Council and Rubicon which impacts on debtors and creditors. This is to avoid a double count. In addition, the Company inventory, cash and reserves are reflected in the Group Balance Sheet.

There is no goodwill as the group did not arise through a purchase.

The Group CIES reflects expenditure of £6,543k and income of £5,607k for Rubicon, reflecting a net position of £936k. There is also additional interest of £36k within the Financing and Investment Income and Expenditure line and £12k within the Taxation and Non-Specific Grant Income and Expenditure line relating to Forge Mill.

The Group Balance Sheet reflects an decrease in Rubicon usable reserves at £1,117k. This is made up of a number of items including £44k on inventories, PPE at £278k and cash and cash equivalents of £517k, short term debtors of £446k offset by short term creditors of £2,402k.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account included is a ring-fenced account within the council's budget used to record income and expenditure related to the housing services provided to council tenants.

H1. Overview

	2025/26 £000	2024/25 £000
Expenditure		
Repairs & Maintenance	(8,207)	(7,571)
Supervision & Management	(8,034)	(7,963)
Rents, Rates, Taxes and other charges	(872)	(769)
Depreciation, impairments and revaluation losses of non-current assets	(7,471)	(7,256)
Debt Management Costs	(8)	(8)
Movement in the allowance for bad debts	(221)	(152)
Total Expenditure	(24,814)	(23,719)
Income		
Dwelling rents	27,907	28,044
Non-dwelling rents	507	506
Charges for services and facilities	794	794
Capitalisation of System Implementation Team	52	49
Contributions towards Supported Housing	68	261
Other	33	38
Total Income	29,360	29,691
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	4,546	5,973
HRA Services Share of Corporate & Democratic Core	(767)	(745)
Net Expenditure of HRA Services	3,779	5,228
Gains/(loss) on sale of HRA Fixed Assets	1,041	184
Interest Payable and Similar Charges	(4,175)	(4,175)
HRA Interest and Investment Income	76	130
Surplus or (Deficit for Year) on HRA Services	721	1,367

H2. Movement on the HRA Statement

	2025/26 £000	2024/25 £000
Balance on the HRA at the end of the previous year	2,269	1,085
Surplus or (Deficit) on the HRA Income and Expenditure Statement	720	1,367
Adjustments between accounting basis and funding basis under statute	(1,041)	(184)
Net Increase or (Decrease) before transfers to or from reserves	(321)	1,184
Transfers (to)/from Reserves		0
Increase or (decrease) on the HRA for the year	(321)	1,184
Balance on the HRA at the end of the current year	1,948	2,269

	2025/26	2024/25
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HOUSING REVENUE ACCOUNT

	£000	£000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	7,471	7,256
Gain or loss on sale of HRA non current assets	(1,041)	(184)
Transfers to/(from) Major Repairs Reserve	(7,471)	(7,256)
Capital expenditure funded by the HRA	0	
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(1,041)	(184)

	2025/26 £000	2024/25 £000
Transfers (to)/from earmarked reserves	0	0
Transfers (to)/from Capital Grants Unapplied	0	0
Total Transfers	0	0

	2025/26 £000	2024/25 £000
Balance on the HRA at the end of the previous year	2,269	1,085
Surplus or (Deficit) on the HRA Income and Expenditure Statement	720	1,367
Adjustments between accounting basis and funding basis under statute	(1,041)	(184)
Net Increase or (Decrease) before transfers to or from reserves	(321)	1,184
Transfers (to)/from Reserves		0
Increase or (decrease) on the HRA for the year	(321)	1,184
Balance on the HRA at the end of the current year	1,948	2,269

HOUSING REVENUE ACCOUNT

H3. Property, Plant and Equipment

Property, Plant & Equipment (PP&E)							
	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total PP&E	Intangible Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2024	313,926	4,106	534	1,520	320,086	1,378	321,464
Additions	0	0	0	0	0	0	0
Revaluation increases to Revaluation Reserve	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0
Balance as at 31 March 2025	313,926	4,106	534	1,520	320,086	1,378	321,464
Depreciation and Impairment							
Balance as at 1 April 2024	(15,498)	0	0	0	(15,497)	(87)	(15,584)
Depreciation Charge	(11,247)	0	(534)	0	(11,781)	(1,291)	(13,072)
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0
Balance as at 31 March 2025	(26,745)	0	(534)	0	(27,278)	(1,378)	(28,656)
Net Book Value							
Balance as at 31 March 2026	287,181	4,106	0	1,520	292,808	0	292,808
Balance as at 31 March 2025	298,428	4,106	534	1,520	304,589	1,291	305,880

HOUSING REVENUE ACCOUNT

Prior year

Property, Plant & Equipment (PP&E)							
	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total PP&E	Intangible Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2024	313,926	4,106	534	1,520	320,086	1,378	321,464
Additions	0	0	0	0	0	0	0
Revaluation increases to Revaluation Reserve	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0
Balance as at 31 March 2025	313,926	4,106	534	1,520	320,086	1,378	321,464
Depreciation and Impairment							
Balance as at 1 April 2024	(15,498)	0	0	0	(15,497)	(87)	(15,584)
Depreciation Charge	(11,247)	0	(534)	0	(11,781)	(1,291)	(13,072)
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0
Balance as at 31 March 2025	(26,745)	0	(534)	0	(27,278)	(1,378)	(28,656)
Net Book Value							
Balance as at 31 March 2026	287,181	4,106	0	1,520	292,808	0	292,808
Balance as at 31 March 2025	298,428	4,106	534	1,520	304,589	1,291	305,880

Dwellings within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual, as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly, the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the DCLG, including the regional adjustment to be adopted within the EUV-SH valuation. Valuations of dwellings are carried out annually, valued at 1 April each year.

HOUSING REVENUE ACCOUNT

H4. Housing Stock

The number of dwellings in the Authority's housing stock as at 31 March 2026 totalled 5,469 properties. The types of properties are analysed below:

	2025/26	2024/25
	Number	Number
Property Type		
Flats and Maisonettes		
(Blocks up to and incl. 2 Storey)		
1 Bed	1,513	1,518
2 Bed	516	523
3 Bed	31	29
Sub-Total	2,060	2,070
Non Permanent	41	41
Sub-Total	41	41
Houses / Bungalows		
1 Bed	652	652
2 Bed	818	841
3 Bed	1,740	1,768
4 or More	158	161
Sub-Total	3,368	3,422
Total Dwellings 31 March	5,469	5,533

H5. Housing Revenue Account Capital Expenditure

	2025/26	2024/25
	£000	£000
Capital investment		
Operational assets	17,532	14,555
Intangible Assets	229	332
Totals	17,761	14,887
Sources of funding		
Capital Receipts	4,457	3,651
Major Repairs Reserve	11,962	10,399
Government grants and other contributions	970	837
Direct Revenue Financing	372	0
Totals	17,761	14,887

H6. Rent Arrears

During 2025/26, total rent arrears remained broadly the same. A summary of rent arrears and prepayments are shown in the following table:

	2025/26	2024/25
	£000	£000
Current Tenant Arrears	1,194	1,251
Former Tenant Arrears	1,206	899
Total Rent Arrears	2,400	2,151
Prepayments	0	0
Net Rent Arrears	2,400	2,151

The rent arrears and prepayments exclude supporting people balances.

HOUSING REVENUE ACCOUNT

H7. Depreciation and Impairment of Non-Current Assets

	2025/26		2024/25	
	£000		£000	
	Depreciation	Impairment	Depreciation	Impairment
Council Dwellings	7,210	0	7,026	0
Other Land and Buildings	261	0	230	0
Total	7,471	0	7,256	0

H8. Retirement Benefits

As part of terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year.

Pension costs for the Housing Revenue Account are charged to the Council and recharged to the HRA.

H9. Total Capital Receipts Generated during the year.

	2025/26	2024/25
	£000	£000
Council Houses	6,744	2,549
Sub Total	6,744	2,549
Disposal Costs	(103)	(44)
Total HRA capital receipts	6,641	2,505

COLLECTION FUND

COLLECTION FUND

11. The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligations 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.

Due to the Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until 2026/27 and later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2025/26 can be spread over three years from 2026/27 to 2028/29.

2024/25			Collection Fund		2025/26		
Business Rates	Council Tax	Total			Business Rates	Council Tax	Total
£000	£000	£000			£000	£000	£000
			INCOME				
	(58,986)	(58,986)	Council Tax Receivable			(61,519)	(61,519)
(36,348)		(36,348)	Business Rates Receivable		(39,314)		(39,314)
(36,348)	(58,986)	(95,334)	Total amounts to be credited		(39,314)	(61,519)	(100,833)
			EXPENDITURE				
			Apportionment of Previous Year Surplus/Deficit				
(7,768)		(7,768)	Central Government		6,589		6,589
(6,214)	94	(6,120)	Redditch Borough Council		5,271	125	5,396
(1,398)	523	(875)	Worcestershire County Council		1,186	709	1,895
(155)	34	(121)	Hereford and Worcestershire Fire and Rescue		132	45	177
	94	94	Police and Crime Commissioner for West Mercia			128	128
			Precepts, demands and shares				
18,049		18,049	Central Government		19,227		19,227
14,440	7,154	21,594	Redditch Borough Council		15,382	7,405	22,787
3,249	40,500	43,749	Worcestershire County Council		3,461	42,744	46,205
361	2,559	2,920	Hereford and Worcestershire Fire and Rescue		385	2,704	3,089
	7,303	7,303	Police and Crime Commissioner for West Mercia			7,712	7,712
			Charges to Collection Fund				
(147)	0	(147)	Write-offs of uncollectable amounts		(27)		(27)
81	0	81	Interest		56		56
(3)	0	(3)	Disregarded amounts		3		3
284	1,658	1,942	Increase/(decrease) in allowance for impairment		1,003	877	1,880
(191)		(191)	Increase/(decrease) in allowance for appeals		(16)		(16)
(177)		(177)	Transitional Protection Payments Payable		(425)		(425)
			Charges to General Fund				
105	(23)	82	Charge to General Fund for allowable collection costs for non-domestic rates		105	(26)	79
20,516	59,896	80,412	Total amounts to be debited		52,332	62,423	114,755
(15,832)	910	(14,922)	(Surplus) / deficit arising during the year		13,018	904	13,922
3,679	(422)	3,257	(Surplus)/deficit b/f at 1 April		(12,154)	488	(11,666)
(12,153)	488	(11,665)	(Surplus)/deficit c/f at 31 March		864	1,392	2,256

12. Council Tax Income

The amount of Council tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has

COLLECTION FUND

been determined, the Council tax payable for each band is established as follows (the actual amount payable for each property is also subject to discounts where applicable):

FOR THE YEAR ENDED 31 MARCH 2026

Band		Valuation band limits			Calculated number of dwellings	Adjusted for discount s	Ratio to Band D	Equated number of dwellings	Council Tax Payable
		£		£					
					18	10.84	5/9	6.02	154.24
A	Up to & including	40,000			6,692	4,629.99	6/9	3,086.66	185.09
B		40,001	-	52,000	10,995	9,354.05	7/9	7,275.37	215.94
C		52,001	-	68,000	7,303	6,869.80	8/9	6,106.49	246.79
D		68,001	-	88,000	4,161	4,041.94	9/9	4,041.94	277.64
E		88,001	-	120,000	3,265	3,216.76	11/9	3,931.60	339.34
F		120,001	-	160,000	1,218	1,209.04	13/9	1,746.39	401.04
G		160,001	-	320,000	451	449.25	15/9	748.75	462.73
H	More Than			320,001	20	19.75	18/9	39.50	555.28

Adjustment 0.98

Council tax base 26,455.60

FOR THE YEAR ENDED 31 MARCH 2025

Band		Valuation band limits			Calculated number of dwellings	Adjusted for discounts	Ratio to Band D	Equated number of dwellings	Council Tax Payable
		£		£					
					16	10.84	5/9	6.02	149.77
A	Up to & including	40,000			6,572	4,525.37	6/9	3,016.91	179.72
B		40,001	-	52,000	10,901	9,347.58	7/9	7,270.34	209.67
C		52,001	-	68,000	7,264	6,830.32	8/9	6,071.40	239.63
D		68,001	-	88,000	4,168	4,052.70	9/9	4,052.70	269.58
E		88,001	-	120,000	3,223	3,183.20	11/9	3,890.58	329.49
F		120,001	-	160,000	1,224	1,211.51	13/9	1,749.96	389.39
G		160,001	-	320,000	446	441.77	15/9	736.28	449.30
H	More Than			320,001	19	18.75	18/9	37.50	539.16

Adjustment 0.98

Council tax base 26,317.10

The breakdown above is for Redditch Borough Council only. Below is the total payable for Band D equivalent for all preceptors:

COLLECTION FUND

	2025/26 £	2024/25 £
Redditch Borough Council	277.64	269.58
Worcestershire County Council	1,615.70	1,538.92
Police and Crime Commissioner for West Mercia	291.50	277.50
Hereford and Worcestershire Fire and Rescue	102.22	97.22
Total Council Tax for non parish areas	2,287.06	2,183.22
Feckenham Parish Council	2.27	2.28
Total Council Tax for Feckenham	2,289.33	2,185.50

I3. Non-Domestic Rates

Non-Domestic Rates are organised on a local basis. The Government specifies a rate poundage and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2025/26 the rate poundage was 55.5p for standard multiplier and 49.9p for small rate multiplier. The multiplier rate for 2024/25 was 54.6p. The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. The Council share is shown in the Comprehensive Income and Expenditure Statement and analysed at **Note B7**.

The total rateable value at 31 March 2026 was £90,157,254 (2024/25 £91,170,192).

For 2025/26, the Council was part of the Worcestershire Business Rates Pool where it received a no detriment payment from Worcestershire County Council which is why there is no precept amount reflected in the Collection Fund Statement.

GLOSSARY

GLOSSARY

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk.

They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Extremely high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g., a community centre, or intangible, e.g., computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities, and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, based on an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

GLOSSARY

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Authority, i.e., it is "clawed-back" by the government.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, which have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants, and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

GLOSSARY

CREDITOR

Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Authority's value of total assets fewer total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

GLOSSARY

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths, and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year to provide for the repayment of loans and other amounts borrowed by the Authority.

GLOSSARY

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government, and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used, or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period because of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

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

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or highly likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

GLOSSARY

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital.

Examples of REFCUS include grants of a capital nature to voluntary organisations and backpay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.

WORCESTERSHIRE PENSION FUND (WPF)

The Worcestershire Pension Fund is administered by Worcestershire County Council and consists of the County and Districts within Worcestershire together with admitted bodies such as Academy Schools.