

Wandsworth Council

Accounts for the year 2025/26

**Un-audited
30 June 2026**

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Narrative Report

Introduction

This is the Statement of Accounts of Wandsworth Council for the financial year 2025/26. The Statement of Accounts is a complex, technical document, the form and content of which is governed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code), which in turn is underpinned by International Financial Reporting Standards (IFRS). This means that the Accounts are prepared on the same basis as the rest of the local authorities and central Government in the United Kingdom. This report is intended to provide a fair, balanced and understandable guide to the most significant aspects of the Council's financial performance, year-end financial position and cash flow, as well as giving information as to how the Council will develop over the next few years.

This document comprises three key areas:

- The single entity Statement of Accounts of Wandsworth Council.
- The consolidated Group Accounts of Wandsworth Council.
- The Housing Revenue Accounts (HRA).
- The Collection Fund Accounts.

The Statement of Accounts is made up of four core statements as follows:

Core Statement	Purpose/relationship with other statements
Comprehensive Income and Expenditure Statement	This statement shows the accounting cost in the year of providing services in accordance with Generally Accepted Accounting Principles (GAAP), 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 both in the Expenditure and Funding Analysis and in the Movement in Reserves Statement.
Movement in Reserves Statement	This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. This statement also shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with the Code and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The increase/ decrease (movement) in year line shows the statutory General Fund balance movements in the year following those adjustments.
Balance Sheet	This statement 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.
Cash Flow Statement	This statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Restatement of 2024/25

2024/25 comparator figures in the Statement of Accounts have been restated due to the change in approach to accounting for Council dwellings. Further information is provided in Accounting Policy 1.7.

Organisational Overview

During the year, Wandsworth continued to focus on delivering local priorities – by making the borough the best place to live in London and on improving the life chances of its most vulnerable residents, with the aim of providing local people with first rate services.

Children’s Services were subject to a full Ofsted inspection (March 2026), resulting in an “Outstanding” judgement in all areas. Adult Social Care was also assessed under the Care Quality Commission’s local authority assurance framework (published September 2025), which concluded with an overall rating of “Good”.

The Council’s Corporate Plan 2022-26 focused on three priorities – a fairer Wandsworth, a compassionate Wandsworth and a more sustainable Wandsworth. It can be viewed online at: https://www.wandsworth.gov.uk/media/oz1ex203/wandsworth_corporate_plan_2022_2026.pdf.

Operational Model

The Council delivers some services itself, commissions others to provide some services on its behalf and also works with partners to deliver services. Commissioning is an ongoing process that includes assessing needs, engaging with local people to prioritise services and then planning and securing those services.

The Council directly delivers a number of services and is organised into seven directorates:

- Adult Social Care and Public Health
- Chief Executive’s Group
- Change and Innovation
- Children’s Services
- Finance
- Growth and Place
- Resident Services

The Council operates a Better Service Partnership (formerly known as the Shared Staffing Arrangement – SSA) with the London Borough of Richmond upon Thames. The arrangement commenced on 1 October 2016, creating a single staffing structure across the two boroughs and has already delivered substantial savings to preserve front-line services. The Better Service Partnership has created one of the largest staff groups in local government, which enables the two councils to retain quality, specialisms and expertise which are more sustainable in a larger organisation. However, Richmond and Wandsworth Councils continue to be separate sovereign bodies with their own elected Councillors, Cabinets and Leaders, maintaining their distinct identities and retaining the ability to develop policies and priorities that matter to their local residents.

Risks and Opportunities

The Audit Committee of the Council has responsibility for monitoring the effective development and operation of risk management policies in the Council, making recommendations to the Cabinet on risk management procedures. The Annual Governance Statement confirms that

the Council’s Risk Management Strategy is effective and well embedded into corporate management processes. The latest Annual Review of Risk Management Report is published at the following link:

<https://democracy.wandsworth.gov.uk/ieListDocuments.aspx?Cid=311&MId=9951&Ver=4>. The next Annual Review of Risk Management Report is due at Audit Committee at the end of July 2026.

Performance

As the Council’s main strategy document, the Corporate Business Plan plays a key role in shaping the performance management framework for the Council. A suite of performance indicators is included within the Corporate Business Plan to help monitor performance and track progress on key issues for the Council.

Financial Performance

General Fund Revenue Budgets

The final outturn position for the year compared to the revised budget is set out below:

2025/26	Revised Budget	Actual	Over / (Under) Spend
	£'000	£'000	£'000
Committee			
Health	116,419	118,356	1,938
Environment	53,552	54,415	862
Children's	104,469	104,277	(192)
Finance	11,386	11,203	(183)
Housing	32,572	37,124	4,553
Transport	801	1,787	986
Total Service Expenditure	319,198	327,162	7,964
Treasury investment income	(20,417)	(21,358)	(941)
One off costs	0	4,203	4,203
Total Committee Expenditure	298,781	310,007	11,226
Non-specific grants	(99,836)	(101,250)	(1,414)
Net General Fund Expenditure	198,945	208,757	9,812

Further information on the Council’s financial performance (Outturn) is reported to the Cabinet in June/July of each year. In line with the overall national and London position the Council has experienced increased costs/demand across a number of service areas during the year which have not been fully offset by underspends, thereby generating a year end overspend position. A detailed report will be reported to the Cabinet on 29 July 2026.

Revenue Reserves

The 2025/26 budget included a planned use of £11.3m from the Financial Resilience Reserve to fund the budget gap when Council Tax was set. As a result of budget variations approved in year and the overspend at the end of the year, the final drawing from the Financial Resilience Reserve is £25.5m. This is in addition to specific expenditure which was planned to be funded by the use of reserves (e.g. the Council’s cost of living response, Access for All initiatives, corporate change programme) and, in line with the Council’s Financial Regulations, reserves

have been used to fund expenditure as appropriate. The net position of this planned reserve use and overall net overspend on General Fund expenditure is a net drawing from (specific) earmarked reserves in year of £32.4m. This is shown on the subtotal line in Note 13 of the Accounts.

When 2025/26 budgets were formally set in March 2025 it was expected that reserve balances would be £193.9m at 31 March 2025 and would drop to £166.6m at 31 March 2026. The 31 March 2025 balance was as expected and with the net £32.4m drawn down as referenced above, the final reserve balances position was as follows:

Earmarked Reserves	Expected	Actual
	£'000	£'000
Balance at 1st April 2025	193,888	193,891
Net use during the year	-27,306	-32,380
Balance at 31st March 2026	<u>166,582</u>	<u>161,511</u>

Treasury Management

Treasury Management performed well over the year despite cash available to invest and the rate of return achieved on investments both being lower than budgeted. There was still however an overall underspend against budget (over achievement of income) due to the Council recognising capital growth from the full divestment of a capital bearing Money Market Fund in the Council's revenue account. The Council continues to have no external debt.

Capital Expenditure

Capital expenditure for the year, excluding expenditure on council housing, was £93.7m. The Capital Outturn against planned budget was as follows:

Committee	Budget	Expenditure	Variance
	2025/26	2025/26	2025/26
	£'000	£'000	£'000
Health	6,409	3,724	(2,685)
Environment	14,083	4,178	(9,905)
Children's	40,030	39,536	(494)
Finance	17,887	11,624	(6,263)
Housing	2,457	4,974	2,517
Transport	39,473	29,710	(9,763)
Total	<u>120,339</u>	<u>93,746</u>	<u>(26,593)</u>
Financed by:			
Capital Receipts	5,638	7,914	
Grants and Reimbursements	18,889	20,337	
CIL and Section 106 Receipts	63,963	51,697	
Revenue Contributions	1,180	2,266	
Borrowing	30,669	11,532	
Total	<u>120,339</u>	<u>93,746</u>	

Unspent budget on schemes will be slipped into future years where appropriate. At the end of 2025/26, the Council had fully utilised all General Fund usable capital receipts.

Schools Budget

The Dedicated Schools Budget (DSB) was overspent by a net total of £11.3m in year. The main pressures are in the High Needs Block. The main drivers of expenditure are increased volumes of Education, Health and Care Plans (EHCPs) which are granted to children and young people aged up to 25 who require support beyond that which an educational setting can provide with regular Special Educational Needs (SEN) support. The number of EHCPs granted nationally has steadily increased over the years and this is reflected in Wandsworth. Where local school settings are at full capacity, children are placed at independent settings which are considerably more expensive. The DSB deficit brought forward from 2024/25 of £21.2m together with the in-year overspend leaves a deficit balance of £32.5m which will be carried forward into 2026/27. There is national recognition for the need to reform the SEND system, and the borough is working to submit a new SEND Reform Plan. This partnership plan outlines how the reforms, outlined in the 'Every Child Achieving and Thriving' white paper, will be implemented at a local level. The reforms echo the Borough's existing commitment to inclusion and early intervention. Assuming this plan is signed off by the Department for Education, the local authority will receive a new High Needs Stability Grant to potentially write off 90% of the deficit accumulated to 31st March 2026.

Council Housing

HRA budgets for 2025/26 assumed a net surplus of £19.8m from an opening balance of £153.3m. Actual income and expenditure in the year generated a net surplus of £12.7m, with the variance against budget largely resulting from overspends on revenue repairs and in general management relating to the additional cost of disrepair claims and associated legal costs and building safety and compliance activity. Total reserve balances carried forward are therefore £166.0m. Broken down, £25.1m relates to the remaining balance on the Major Repairs Reserve and £140.9m, being the remaining balance on the HRA. These reserves are retained against the risk of future shortfalls on the ringfenced account, to fund future expenditure on major repairs and to support the Council's investment in new stock including regeneration and development plans.

Collection Fund

The Collection Fund ended the year with a surplus of £20.3m of which Council Tax was £3.9m and Business rates £16.4m. The Business Rates surplus is paid out to the Government, Greater London Authority (GLA) and the Council (30%) over the next two years.

Group Accounts

The Council has a joint venture, Winstanley and York Road Regeneration LLP (referred to as the WYR LLP throughout these Accounts). The principal activity of WYR LLP centres around the regeneration of the York Road estate.

WYR LLP's structure was changed in December 2024 and remains as the Council owning 99% with the remaining 1% being owned by Winstanley York Road Ltd, a company wholly owned by the Council. The WYR LLP is still treated as a subsidiary in the Group Accounts (and consolidated as such), as the Council has substantial control over the entity.

Pensions

The Council is an employer in the Local Government Pension Scheme (LGPS) under statute, as well as other Government administered schemes for the NHS and Teachers. The benefits payable under the LGPS are set nationally by Government, but the Council is responsible for collecting contributions and investing them in a way to ensure that these benefits will be funded. The Pension Fund is maintained at a level to meet the Council's long-term liability for pension benefits, with Council contributions fixed accordingly. The triennial valuation on 31 March 2022 set the contribution rates for 2025/26.

The latest triennial valuation was at 31 March 2025. As at 31 March 2026 the Pension Fund had a net liability (deficit) of £6.1m (£6.5m net liability in 2024/25). This figure is Wandsworth's share of pensions liabilities, so includes Wandsworth's share of the Better Service Partnership staffing liabilities as well as pre-Better Service Partnership costs of council staff.

Any changes to the Fund's surplus or deficit are largely attributable to complex external factors and are heavily dependent on the assumptions made by the Fund's actuary, who values the Fund and provides an estimate in this case of the shortfall in funds available to the Fund to meet all of its liabilities. There are a number of factors contributing towards the reduction in the deficit in 2025/26, primarily an increase in the fair value of fund assets attributable to increased returns and interest on these assets. In addition, there is a continued accounting adjustment under International Accounting Standard 19 (IAS 19) for the prudent treatment of surpluses in pensions funds. This adjustment is known as an 'asset ceiling' adjustment and further explanation can be found in Note 44 of the Accounts.

Future funding

Central Government funding is a key issue affecting the Council's financial position. In common with the rest of local Government, the Council has seen a reduction in its core funding in recent years. However, Wandsworth Council has been significantly and adversely impacted by the Government's "Fair Funding Review" of local Government finance – from April 2026. The final Local Government Finance Settlement (LGFS) was published by Government in February 2026 and covers the core funding for local authorities for the next three years (2026/27 to 2028/29). This is the first multi-year settlement in a decade. The review redistributes resources towards areas with higher deprivation and weaker tax bases. While this aims to address historic underfunding in poorer regions, it disadvantages boroughs like Wandsworth that have historically low Council Tax rates and relatively strong tax bases. The overall position for Wandsworth Council is a significant loss of grant funding as fundamentally the formulae indicates that the Council has been historically "over funded" relative to other parts of the country. The Council will have a reduction in funding of around £79m by year three (2028/29) equivalent to a loss of approximately 38% of its core funding allocation. The Council will continue to engage with Government on consultations to ensure the best possible outcomes for the borough.

Outlook

The Medium Term Financial Strategy (MTFS) details the current position and assumed future direction of travel for the Council's finances, including demonstrating how the Council is proactively responding to the current financial challenges of reducing government funding, inflation and increasing demographic pressures on services. The Council has a statutory duty to balance the budget year on year which can include the use of reserves, and reserve balances will continue to be reviewed annually as a result.

The current MTFS highlights the options available for meeting the anticipated funding gap. Work is ongoing to deliver new ways of working through innovation, challenge and harnessing digital and technological advancements. This will ensure residents are able to engage with services quickly and effectively and get support earlier, whilst identifying efficiencies that support the ongoing financial sustainability of the Council. Following the local elections in May 2026 the new administration has launched a comprehensive Spending Review and the MTFS will be updated to reflect the outcome of that review and the proposed actions to meet the growing budget pressures.

Statement of Responsibilities

Responsibilities of the Council

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Responsibilities of the Executive Director of Finance

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

In preparing the Statement of Accounts, the Executive Director of Finance:

- selected suitable Accounting Policies, and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Executive Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- reviewed internal audit reports to identify any control weaknesses or deficiencies;
- carried out regular control processes to maintain numerical accuracy within the accounts.

Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of Wandsworth Council and group as at the 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Fenella Merry
Executive Director of Finance
30 June 2026

Date authorised for issue: This Statement of Accounts is authorised for issue on 30 June 2026 and any events up to this date are reflected in the note Events after the Balance Sheet date.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with the Code, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (or rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Restated						
2024-25				2025-26		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000	Notes	£000	£000	£000
358,710	(258,348)	100,362		388,394	(275,416)	112,978
72,159	(12,000)	60,159		76,205	(30,314)	45,891
181,627	(147,789)	33,838		170,540	(130,973)	39,567
197,390	(138,880)	58,510		215,720	(148,693)	67,027
70,625	(38,706)	31,919		79,688	(45,826)	33,862
256,769	(183,079)	73,690		263,971	(185,883)	78,088
54,539	(72,608)	(18,069)		55,747	(90,422)	(34,675)
1,191,819	(851,410)	340,409		1,250,265	(907,527)	342,738
4,399	(5,369)	(970)	10	29,233	0	29,233
101,265	(142,282)	(41,017)	11	121,491	(154,660)	(33,169)
0	(220,054)	(220,054)	12	0	(264,958)	(264,958)
1,297,483	(1,219,115)	78,368		1,400,989	(1,327,145)	73,844
		26,941	14			29,852
		2,568	44			13,215
		29,509				43,067
		107,877				116,911

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services, i.e. reserves that hold unrealised gains and losses and reserves that hold timing differences.

Restated 31 March 2025			31 March 2026
£000	<i>Notes</i>		£000
3,122,988	14,15	Property, Plant and Equipment	3,080,136
1,351	16	Heritage Assets	2,238
75,032	17	Investment Property	71,556
89	18	Intangible Assets	83
134,417	20	Long-Term Investments	181,488
36,409	20	Long-Term Debtors	36,341
3,370,286		Long Term Assets	3,371,842
364,208	20	Short-Term Investments	227,183
967	24	Assets Held for Sale	6,218
2,450	19	Inventories	2,637
142,495	21	Short-Term Debtors	164,270
83,629	23	Cash and Cash Equivalents	76,227
593,749		Current Assets	476,535
(850)	20	Short-Term Borrowing	(1,070)
(205,068)	25	Short-Term Creditors	(204,324)
(6,243)	26	Provisions	(4,012)
(6,954)	39	Grants Receipts in Advance - Revenue	(8,193)
(829)	39	Grants Receipts in Advance - Capital	0
(219,944)		Current Liabilities	(217,599)
(8,548)	20	Long-Term Creditors	(14,025)
(3,794)	26	Provisions	(4,082)
(6,366)		Other Long-Term Liabilities	(6,059)
(1,317)	39	Grants Receipts in Advance - Revenue	(1,317)
(5,849)	39	Grants Receipts in Advance - Capital	(3,989)
(25,874)		Long Term Liabilities	(29,472)
3,718,217		Net Assets	3,601,306
(700,886)	27	Usable Reserves	(673,404)
(3,017,331)	28	Unusable Reserves	(2,927,902)
(3,718,217)		Total Reserves	(3,601,306)

Fenella Merry, Executive Director of Finance, 30 June 2026

Movement in Reserves Statement

The Movement in Reserves Statement (MiRS) shows the movement from the start of the year to the end on the different reserves held by the Council analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year are broken down between gains and losses incurred in accordance with the Code and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account (HRA) Balance movements in the year following those adjustments.

	<i>Notes</i>	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025		(15,021)	(381,541)	(128,272)	0	(25,000)	(151,051)	(700,885)	(3,017,332)	(3,718,217)
Surplus or deficit on the provision of services	<i>CIES</i>	17,704	0	56,140	0	0	0	73,844	0	73,844
Other Comprehensive Income / Expenditure	<i>CIES</i>	0	0	0	0	0	0	0	43,067	43,067
Total Comprehensive Income and Expenditure		17,704	0	56,140	0	0	0	73,844	43,067	116,911
Adjustments between accounting basis and funding basis under regulations	<i>9</i>	(523)	0	(66,558)	0	(50)	20,768	(46,363)	46,363	0
Net Increase or Decrease before Transfers to Earmarked Reserves		17,181	0	(10,418)	0	(50)	20,768	27,481	89,430	116,911
Transfers to / from Earmarked Reserves	<i>13</i>	(19,011)	21,240	(2,229)	0	0	0	0	0	0
(Increase) or Decrease in 2025-26		(1,830)	21,240	(12,647)	0	(50)	20,768	27,481	89,430	116,911
Balance at 31 March 2026		(16,851)	(360,301)	(140,919)	0	(25,050)	(130,283)	(673,404)	(2,927,902)	(3,601,306)

Restated		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	Notes	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024		(15,334)	(373,767)	(154,223)	(13,515)	(37,933)	(185,361)	(780,133)	(2,912,769)	(3,692,902)
Opening balance adjustments		0	0	0	0	0	0	0	(133,191)	(133,191)
Surplus or deficit on the provision of services	CIES	16,160	0	62,207	0	0	0	78,367	0	78,367
Other Comprehensive Income / Expenditure	CIES	0	0	0	0	0	0	0	29,509	29,509
Total Comprehensive Income and Expenditure		16,160	0	62,207	0	0	0	78,367	29,509	107,876
Adjustments between accounting basis and funding basis under regulations	9	(21,579)	0	(38,298)	13,515	12,933	34,310	881	(881)	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(5,419)	0	23,909	13,515	12,933	34,310	79,248	28,628	107,876
Transfers to / from Earmarked Reserves	13	5,732	(7,774)	2,042	0	0	0	0	0	0
(Increase) or Decrease in 2024-25		313	(7,774)	25,951	13,515	12,933	34,310	79,248	28,628	107,876
Balance at 31 March 2025		(15,021)	(381,541)	(128,272)	0	(25,000)	(151,051)	(700,885)	(3,017,332)	(3,718,217)

Cash Flow Statement

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

Restated			2025-26
2024-25			£000
£000	<i>Notes</i>		£000
78,367		Net (surplus) or deficit on the provision of services	73,844
(115,205)		Adjustment to surplus or deficit on the provision of services for noncash movements	(158,609)
23,560		Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	62,722
(13,278)	<i>29</i>	Net cash flows from operating activities	(22,043)
29,688	<i>30</i>	Net cash flows from investing activities	14,911
4,378	<i>31</i>	Net cash flows from financing activities	14,534
20,788		Net (increase) or decrease in cash and cash equivalents	7,402
104,417		Cash and cash equivalents at the beginning of the reporting period	83,629
83,629		Cash and cash equivalents at the end of the reporting period	76,227

Note 1 - Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its year end position at 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Amendment) Regulations 2024. These regulations also require that the Accounts be prepared in accordance with proper accounting practices which are supported by the IFRS. These practices primarily comprise the following:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code).
- All relevant approved accounting standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Issues Committee (IFRIC).
- Relevant statutory guidance issued by Government.

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.

1.2 Going Concern

The Council's financial statements are prepared on the Going Concern basis; that is, the accounts are prepared on the assumption that the authority will continue in operational existence in the foreseeable future. The provisions in the Code and the Financial Reporting Council's Practice (Note 10) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a Going Concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central Government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future. Transfers of services under combinations of public sector bodies such as government reorganisation do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting.

Over recent years the cost of living crisis has required continuous urgent responses from the Council to put in place provisions which support residents and businesses. The Council continues to identify local challenges and to put in place schemes to support residents and businesses.

The Council has undertaken cash flow modelling through to March 2028 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a minimum headroom of more than £355m as at 31 March 2027 and £210m as at 31 March 2028.

The Council therefore concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, twelve months from 30 June 2026. This is based on its cash flow forecasting and the resultant liquidity position of

the Council, taking account of the cash and short term investment balances of £475m at 31 March 2026 and the overall limit for total borrowing under the Treasury Management Policy 2026/27 of up to £137m and 2027/28 of up to £135m. There is no external borrowing as of 31 March 2026. Other 'borrowing' of £1.1m detailed on the Balance Sheet is funds held for North East Surrey Crematorium Board. This demonstrates that the Council has sufficient liquidity over the going concern through to March 2028.

1.3 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. Income and expenditure are therefore recognised on an accruals basis in accordance with the Code. In particular:

Income

Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council. Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Expenditure

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption (and the values are material) 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

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 cash flows fixed or determined by the contract.

Debtor and Creditor Balances (Accrual Policy)

Where revenue income 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 (i.e., collection is doubtful), the balance of debtors is written down and a charge made to revenue for the income that might not be collected. Exceptions to this accruals policy are made where it would be impractical in terms of time and cost required and where the effect of not accruing has no material effect on the Council's Accounts.

Utility payments

Accruals are made for outstanding invoices (for example 4th quarter not paid by 31 March), but no accruals are calculated for consumption of utilities that have not been billed at 31 March. This departure from the Code is made on the basis that taking one year with another the effect of this treatment on the accounts is negligible and does not justify the additional time and cost necessary to accurately estimate consumption figures for the numerous cost centres affected.

Income from Penalty Charge Notices (PCNs)

Income received from PCNs does not directly relate to the full recorded value of notices issued due to the incidence of discount for prompt payment, disputed notices and other

mitigating circumstances. Consequently, income is recognised on cash basis. The effect of this treatment, taking one year with another, is estimated to be not material.

Materiality and Estimation

Accruals are made where amounts are material. The Council has set a general de minimis level for accruals of creditors that are calculated manually at year end to avoid additional time and cost in estimating and recording accruals. This level is reviewed annually and was set at £10k for 2025/26.

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

- Qualifying expenditure upon which income from Government or other grants is dependent.
- Invoices for substantially the same supply or service, from the same provider that are chargeable to the same service area are aggregated where their total is over £10k.

The Council applies appropriate estimation techniques where exact amounts are not known at the Balance Sheet date, using the best available information.

Revenue from Contracts with Customers

The Code stipulates that IFRS 15 applies to revenue arising from a contract where the counterparty is a customer. A customer is defined as a party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration. The Code requires revenue from contracts with customers to be recognised in accordance with the following five steps:

- Identification of a contract with a customer.
- Identification of any performance obligations within the contract.
- Calculation of transaction price.
- Allocation of the transaction price to the performance obligation.
- Recognition of revenue when the performance obligation is satisfied.

The Council has assessed the different categories of income from customers where there is a contract in place and where there is a performance obligation on the Council to deliver goods or services. Most of the services delivered to customers are statutory services, and performance obligations are satisfied throughout the year in exchange for income received. There would therefore be no material effect on the Council's financial statements of separately identifying income from these contracts that has been received, but the performance obligation has not been satisfied. Revenue is recognised at the point that the service is delivered. The total income from fees and charges is disclosed in Note 8 of the financial statements, Expenditure and Income Analysed by Nature. Income from non-exchange transactions (including Government Grants and contributions, Council Tax and National Non-Domestic Rates) is separately disclosed in the financial statements and does not fall within the disclosure requirements of IFRS 15.

1.4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value (this excludes fixed term deposits as they are not highly liquid and not readily convertible to cash).

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

1.5 Long Term Non-Monetary Assets

The following categories of non-monetary long-term assets are recognised in the accounts where their value on initial recognition or subsequent upward revaluation exceeds de minimis levels set by the Council. Expenditure that falls below these levels is charged as revenue to the relevant service line in Cost of Services in the CIES. These de minimis levels are periodically reviewed and applied to avoid administrative efforts and cost in recording and accounting for long term assets where their value is not material. The current de minimis levels for recognising these assets are:

- Land and building – £100k.
- Vehicle plant and equipment – £25k.
- Infrastructure - £25k.
- Intangible assets – £25k.

These de minimis levels are not applied where assets are financed by grants or contributions that are below these levels but are required to be applied to capital expenditure.

1.6 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. Materiality is determined by professional judgement, considering both the nature and magnitude of the item in the context of the financial statements.

1.7 Prior Period Adjustments, 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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures. This treatment has been adopted and applied in preparing these financial statements.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. IAS 8 (Accounting Policies, Estimates and Errors) includes the requirement to disclose, if retrospective restatement is impractical for a particular prior period, the circumstances that led to the existence of that condition and description of how and from when the error has been corrected. There may be £1k difference between prior year comparators and published accounts due to rounding's.

Opening balance adjustments

An audit finding resulted in a prior period adjustment to 2024/25 opening balances. Expenditure relating to assets under construction had incorrectly been recognised within Council Dwellings within Property, Plant and Equipment. Following a detailed review, this expenditure has been reclassified to Assets Under Construction to reflect the correct stage of completion and asset classification. The impact of this change is to increase Assets Under Construction by £133.190m, with a net corresponding increase in unusable reserves, as shown by the opening balance adjustments to the 2024/25 comparator figures.

Restatements

The Council identified other adjustments in the accounting for two asset revaluations in 2024/25. Revaluation gains should have been posted to the Revaluation Reserve but were instead posted to the Capital Adjustment Account. Additionally, there was an understatement of the balance cleared from the Revaluation Reserve to the Capital Adjustment Account related to an asset disposal. As a result, adjustments totalling £0.1m have been made to prior year balances on these reserves, with corresponding changes to the Children's Service and Housing Revenue Account in the CIES.

1.8 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of 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 Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account (CAA) in the MiRS for the difference between the two.

1.9 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, bonuses and any non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable as at 1 April 2026, being the start of the year in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the MiRS 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 because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are generally charged on an accrual basis in the CIES if detailed notification of redundancy has been issued before 31 March (see accounting policy 1.29).

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The National Health Service (NHS) Pension Scheme administered by NHS Pensions.
- The Local Government Pension Scheme (LGPS), administered by the Council, or for some employees by the London Pension Fund Authority (LPFA).

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year. The relevant service line(s) in the CIES are charged with the employer's contributions payable to NHS Pensions in the year.

The Local Government Pension Scheme

Following the passing of the Local Government Pension Scheme (Wandsworth and Richmond Fund Merger) Regulations 2016 – SI 2016/1241, LB Richmond is no longer an administering authority of the LGPS.

The Council is now a scheduled employer in the Wandsworth Council Pension Fund and Wandsworth Council is the administering body for that Fund. The Wandsworth Council Pension Fund Accounts are presented in Wandsworth Council's Statement of Accounts only on this basis. The merged Fund provides the same benefits to members and employers as all other LGPS Funds.

For the 2025/26 accounts, the Council received actual pension data from the Actuary to the end of March.

The LGPS is accounted for as a defined benefits scheme. The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate that is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The assets of the Pension Fund 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.
- Infrastructure – professional estimate.
- Private Debt – professional estimate.
- Bonds – market value.

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

- Service cost comprising:
 - Current service cost – the increase in liabilities (cost to employer) as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions on member benefits (for example changes to years of service earned in earlier years – debited to the Surplus or Deficit on Provision of Services in the CIES.
 - Interest cost – in line with the discount rate, the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CIES.
- Net interest on the net defined benefit liability (asset) – the interest cost on liabilities less the interest cost on assets- charged to the Financing and Investment Income and Expenditure line of the CIES.
- Re-measurements of the net defined benefit liability (asset) comprising:
 - Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has occurred) and b) the effects of changes in actuarial assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Wandsworth Council Pension Fund – cash paid as employer's and employees' contributions to the pension fund in settlement of liabilities.
- Benefits Paid (payments to discharge liabilities directly to pensioners) – a charge to the Pension Fund, reimbursed from the Council where there are unfunded discretionary benefits.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the

cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

1.10 Fair value measurement

Some non-financial assets such as surplus assets and investment properties and some financial instruments such as Covered Bonds and Certificates of Deposit are measured 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 the liability, or
- in the absence of the principal market, in the most advantageous market for the asset or the liability.

The fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Inputs to the valuation techniques are categorised within the fair value hierarchy, as follows:

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

1.11 Financial Instruments

Financial Liabilities

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

For most borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MiRS.

Financial Assets

Financial assets are generally classified into three types:

- Amortised Cost – assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The asset is held within a business model with the objective of collecting contractual cash flows and not for trading.
- Fair Value through other Comprehensive Income – assets that are held within a business model with the objective of both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair Value through Profit or Loss - assets that do not meet the amortised cost or fair value through other comprehensive income definition of cash flows that are solely payments of principal and interest and are held within a business model with the objective of collecting contractual cash flows and not for trading.

For Wandsworth Council, financial assets that were previously loans and receivables are now amortised cost and those that were available for sale are now fair value through other Comprehensive Income.

Amortised Cost

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

Where assets are identified as impaired because of an expectation that future cash flows might not take place because the borrower could default on their obligations under the contract, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. An assessment of credit risk is crucial in measuring any losses.

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

Fair Value through Profit and Loss

Fair Value through profit and loss assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

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

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

Changes in fair value are recognised in the Surplus or Deficit on the Provision of Services as they arise in the Financing and Investment Income and Expenditure line in the CIES.

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Local authorities were exempt from applying IFRS 9 due to a statutory override issued by the Government in 2018. This has been extended for existing pooled fund investments until 1 April 2029. The override allows the Council to record fair value movements on pooled investments in the Pooled Investment Funds Adjustment Account to prevent impact on the General Fund, therefore mitigating potential budget risks. New pooled fund investments made after 1 April 2024 will be subject to full compliance with IFRS 9.

In 2025/26, the Council redeemed an investment in a Money Market Fund (MMF) which was capital bearing in nature therefore is subject to IFRS 9 rules as a new divestment. Therefore the cumulative unrealised gains previously recognised in the Pooled Investment Funds Unusable Reserve were transferred to the Surplus or Deficit on the Provision of Services, together with the gain arising in the year on disposal. For the Council's other capital bearing investments, no divestments have occurred and therefore the statutory override continues to apply. These investments remain measured at fair value through profit or loss, with movements in fair value reversed out through the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Pooled Investment Funds Adjustment Account. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Expected Credit Loss Model

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

The Council does not anticipate any losses on transactions with any public sector body (central or local government, joint committees, waste authorities, NHS etc) as they are backed by the Government, or where sufficient security has been provided (e.g. charge on a property for social care debt).

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

The Council assesses small value similar loans as a group to avoid undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis.

Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

1.12 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES 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 that 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 on 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 CIES. Restrictions, which limit the purpose for which the grant or contribution may be used but do not require repayment if not met, do not prevent recognition of income.

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MiRS. 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 CAA. Amounts in the Capital Grants Unapplied Reserve are transferred to the CAA once they have been applied to fund capital expenditure. Grants that cannot be directly allocated to a service area are credited to Taxation and Non-Specific Grant Income.

1.13 Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy commenced on 1 November 2012 and is charged on any development over 100 square metres, at differential rates depending on location in the borough, with the appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy is used to fund the provision, improvement, replacement, operation or maintenance of infrastructure (to include transport, schools, public health care facilities, public open space and leisure provision) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for Government grants and contributions set out above.

In addition, the Council collects a separate CIL on behalf of the Mayor of London. This is payable to Transport for London (TfL), except for a 4% administration fee which is credited to the CIES. CIL collected on behalf of other bodies is treated as an agency transaction and as such only net cost of administration will be reported in the Council's Accounts.

1.14 Heritage Assets

The Council is required to report on and separately identify Heritage Assets on its Balance Sheet. Heritage Assets can be tangible or intangible and are defined as assets with

historical, cultural, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Recognition

The Council will recognise all Heritage Assets on the Balance Sheet where the cost of obtaining a valuation is commensurate to the benefit of the users of the accounts. If the cost of obtaining a valuation is assessed as being disproportionate to the benefit of the user, the existence of the asset will be disclosed in the notes to the accounts along with relevant information. The de minimis levels applied to all Non-Current Assets will be applied to this asset class. Heritage Assets that do not meet the de minimis criteria are not disclosed in the Council's Accounts.

Where a Heritage Asset is operational this will be treated as Property, Plant and Equipment rather than as a Heritage Asset.

1.15 Intangible Assets

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

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 Council 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 Council's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The Council's intangible assets are considered to have finite useful lives. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. 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 CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

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 MiRS and posted to the CAA and (for any sale proceeds greater than £10k) the Capital Receipts Reserve (CRR).

1.16 Inventories

The Council recognises all inventories (stock) that have a value over £10,000 as at 31 March 2026. The Council initially recognises inventory when it has control of it and when it expects to have a right to the future economic benefits/service potential. All inventories are measured at the lower of cost or net realisable value. Where there are large numbers of items of inventory that are ordinarily interchangeable, the Council uses either first-in, first-out (FIFO) or the weighted average cost method of stock measurement.

1.17 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end, unless the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

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

Investment Properties have been valued by the Council's valuation contractor and categorised as Level 2 under the fair value hierarchy and recurring using significant observable inputs. The valuations have been based upon the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area.

Typical valuation inputs include:

- Market rental and sales values.
- Yields.
- Void and letting periods.
- Size, configuration, proportions and layout.
- Location, visibility and access.
- Condition.
- Lease covenants.
- Obsolescence.

1.18 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 CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund balance to the CAA then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.19 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. In line with the Code, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects, the arrangement meets the definition of a lease.

IFRS 16 (Leases) for local authority's implementation was deferred until 1 April 2024. Under IFRS 16 authorities are required to recognise assets on their Balance Sheet where any contract gives rise to a 'right of use asset'. Previously, a distinction existed between operating

and finance leases for lessees. Finance leases were accounted for as acquisitions (asset on the Balance Sheet) and operating leases were expensed in year therefore were not required to be reported on lessee balance sheets. IFRS 16 largely removes this distinction unless it is a short term (12 months or less) or low value contract. For lessors, the reporting requirements are largely unchanged as there is still a distinction between operating and finance leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. The Authority determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Authority is reasonably certain to exercise.

The Council as Lessee

The Council assesses contracts, and parts of contracts, including those described as service contracts, to determine whether they convey the right to control the use of an identified asset. A contract contains a lease where the Council has both the right to obtain substantially all of the economic benefits or service potential from use of the identified asset and the right to direct its use.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use. The leases are typically for fixed periods more than one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when there is:

- a change in future lease payments arising from a change in index or rate
- a change in the Council's estimate of amounts expected to be payable under a residual value guarantee
- a change in the Council's assessment of whether it will exercise a purchase, extension or termination option, or
- a change in in-substance fixed lease payments.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement. If the carrying amount of the right-of-use asset is reduced to nil and there is a further reduction in the measurement of the lease liability, the remaining amount of the remeasurement is recognised in the Surplus or Deficit on the Provision of Services.

Low Value and Short Lease Exemption

As permitted by the Code, the Council excludes leases:

- for low-value items. These are defined as below the values set out in accounting policy 1.5 stating de minimis levels for non-monetary assets.
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease Expenditure

Expenditure in the CIES includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the CAA from the General Fund balance in the MiRS.

The Council as Lessor

The Council assesses each of its lessor arrangements and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Finance Leases

Where the Council 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 that asset on the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES 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 are apportioned between:

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

The gain credited to the CIES 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 CRR in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the MiRS. 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 CRR.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided under separate arrangements for capital financing. Amounts are therefore appropriated to the CAA from the General Fund balance in the MiRS.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant service line in the CIES. 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 underlying asset and charged as an expense over the lease term on the same basis as rental income.

1.20 Property, Plant and Equipment

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

Recognition

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

Initial 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; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the CIES, they are reversed out of the General Fund balance to the CAA in the MiRS.

Revaluations

Assets are revalued regularly to ensure that their carrying amount is not materially different from their value at the year-end, but as a minimum every five years. Assets are carried on the Balance Sheet using the following specific measurement bases:

- Dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH).
- Infrastructure and community assets and assets under construction – depreciated historical cost.
- Operational assets – determined using the basis of existing use value or depreciated replacement cost.
- 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.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for by:

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

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 CAA.

Indexation

The Code has introduced changes to asset revaluation in 2025/26 and now requires that revaluations for each class of PPE are undertaken using one of the following:

- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.
- A full revaluation every five years, supplemented by a desktop indexation in year three.

The Council has adopted the former approach, a rolling programme over a five-year cycle supplemented by indexation.

The Council has engaged their valuer, Wilks Head & Eve LLP (WHE), to perform a rolling revaluation as at 31 March 2026. Where indices have been used they have been provided by WHE and professional judgement is exercised by the Council in assigning and applying these indices to the appropriate asset categories.

Valuations received continue to be scrutinised by Officers of the Council before inclusion in the financial statements.

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES 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, heritage assets, 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:

- Operational property assets – straight-line allocation over the useful life of the property as estimated by the valuer.
- HRA Assets – depreciated based on the componentised weighted remaining useful life of beacon properties.
- Vehicles, plant and equipment – straight-line allocation over expected life of the asset as estimated by a suitably qualified officer on acquisition.
- Infrastructure – straight-line allocation over 20 years.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, this is adjusted for by the valuer who provides a composite asset and asset life which represents the weighted average of the components. 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 CAA.

Disposals and Non-Current Assets Held for Sale

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

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

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 CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES 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 CAA.

Amounts received for a disposal more than £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to Government. The balance of receipts is required to be credited to the CRR and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the CAA from the General Fund Balance in the MiRS.

1.21 Infrastructure Assets

In 2023, CIPFA prescribed a temporary statutory override be applied to infrastructure assets up to 31 March 2025. In 2025, the Government extended the override to 31 March 2029. As a result, Infrastructure Assets are reported separately from other Property, Plant and Equipment, and do not include disclosure of gross cost and accumulated depreciation.

1.22 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, 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 Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.23 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance in the MiRS. 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 CIES. The reserve is then transferred back into the General Fund balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

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

1.24 VAT

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

1.25 Accounting for Schools

Revenue Income and Expenditure

The Council includes all revenue income and expenditure and resulting assets and liabilities (e.g. debtors, creditors, reserves etc.) arising from maintained schools as part of its Accounts. Revenue income and expenditure incurred by Academies and Free schools are not consolidated into the Council's Accounts (as they are directly funded from the Government).

Capital

The Council holds all local authority-maintained schools on the Balance Sheet. This includes foundation schools where the risks and reward of ownership are considered to lie with the Council. Voluntary aided schools are excluded from the Balance Sheet as the Council does not have the level of control over the sites to recognise them as assets. The same principle applies to academies. Capital expenditure on schools not on the Council's Balance Sheet, such as voluntary aided schools, is treated as Revenue Expenditure Funded from Capital under Statute (REFCUS). This represents capital spend relating to assets not owned by the Council and is reported through the CIES.

1.26 Council Tax and Business Rates

The Council acts as an agent, collecting Council Tax and Business Rates on behalf of the major preceptors (including Government for Business Rates) and, as a principal, collecting

Council Tax and Business Rates for itself. Billing authorities (the Council) are required by statute to maintain a separate fund (Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and Business Rates. Under the legislative framework for the collection fund, billing authorities, major preceptors and Government share proportionately the risks and rewards that the amount of Council Tax and Business Rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The Council Tax and Business Rates income included in the CIES is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and Business Rates that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES 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 MiRS, The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and Business Rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

1.27 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 is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events (an adjusting event).
- 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 (a non-adjusting event).

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

1.28 Long Term Contracts

Long term contracts are accounted for on the basis of charging the surplus or deficit on the Provision of Services with the value of works and services transferred to the service recipient under the contract during the financial year.

1.29 Redundancy Costs

The Council raises a provision for redundancy costs when communication of the decision to involved parties has been made, therefore giving a valid expectation that closure of employment will take place. If a detailed notification of redundancy has been issued before 31 March but the amount has not yet been paid, a liability is recognised in the accounts as an accrual.

[Note 2 - Accounting Standards Issued, Not Adopted](#)

The Code requires changes in Accounting Policy to be applied retrospectively unless alternative transitional arrangements are specified. The Council is required to 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 by the Code, and therefore not required to be adopted by the Council.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements are:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

These amendments clarify the classification requirements for certain financial assets and liabilities and introduce additional disclosure requirements relating to financial instruments. The Council has reviewed its existing financial instruments disclosures and does not currently anticipate a material impact from the adoption of these amendments. In line with Government issued guidance on IFRS 9, the Council has applied the standard on investments that it has divested from where the full impact has been taken to the General Fund.

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets).
- Annual Improvements to IFRS Accounting Standards – Volume 11.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

There is limited application expected from the above final three changes as they are expected to not affect the Council or are presentational.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies, the Council has made certain judgements about transactions, relationships, and uncertainty about future events. The critical judgements made in the Statement of Accounts are:

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

Better Service Partnership with Richmond Council

Under the Better Service Partnership many costs (largely staff costs) are shared between the two councils. Generally, the amounts charged to each council continue to be calculated by service area and apportioned according to each council's requirement for the Better Service Partnership. A schedule is prepared and reviewed annually and details the apportionment (and methodology) of the shared costs. Full details on the basis for sharing costs was approved by the Council in April 2016 and can be found at the following link at Item 8 Appendix A:

<https://democracy.wandsworth.gov.uk/ieListDocuments.aspx?CIId=296&MIId=5203&Ver=4>

The majority of costs are split between the two councils based upon the latest annual budget apportionments in each council unless they do not work jointly, in which case costs are charged directly to the respective council. Non salary costs have not been charged as part of the Better Service Partnership as in the main they are clearly attributable to a sovereign council unless relating to staffing in which case the costs follow the same apportionment as the staff they relate to.

Wandsworth BC Trading Limited

The Council has a 100% owned subsidiary, Wandsworth BC Trading Limited. However, the Council has determined that the turnover of the subsidiary is not sufficiently material to include in the Council's Group Accounts.

Winstanley and York Road Regeneration LLP

The Council owns 99% of Winstanley and York Road Regeneration LLP (WYR LLP). The principal activity of the WYR LLP centres around the regeneration of the York Road estate. The remaining 1% is owned by Winstanley York Road Ltd, a company wholly owned by the Council. WYR LLP continues to be treated as a subsidiary and consolidated in the 2025/26 Group Accounts as the Council has substantial control over the entity.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

There are a number of items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year:

Property, Plant and Equipment

The Council has historically carried out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. As outlined in Accounting Policy 1.20 and in line with the Code requirements, from 1 April 2025, indexation is applied in the intervening years to reflect material changes in value and to ensure that carrying values do not differ materially from current value. In addition, the Council reviews groups of properties on an annual basis to assess any significant changes that would require a revaluation within the five year period. Fair value as applied to relevant assets will depend upon the property market. Assets are depreciated over their useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying value of assets falls. A 1% increase in depreciation has an impact of £0.5m.

The main factors affecting the property market in 2025/26 relate to a period of ongoing economic and geopolitical uncertainty, including inflationary pressures and higher interest rates which bring uncertainty to market expectations. The Council's external valuers (WHE) have used substantial transaction volumes and other reliable market evidence to provide reliable asset valuations. WHE is not aware of any specific impact to the value of assets within the portfolio. For the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPGA 10 of the RICS Valuation – Global Standards. This explanatory note has been included to ensure transparency and to provide

further insight as to the market context under which the valuation opinion was prepared. Notes 14 and 15 provide further information on Property, Plant and Equipment and Note 17 on Investment Property.

The application of indexation introduces an element of estimation uncertainty, as it relies on general market indices rather than asset-specific valuations, and therefore requires judgement to ensure that carrying values do not differ materially from current value.

Provisions

At 31 March 2026, the Council had an insurance provision of £3.7m (£3.2m in 2024/25) based on claims lodged with, and values estimated by, the Council's insurer. The Council is responsible for funding claims up to high levels of excesses. In doing this, a provision is made for claims outstanding 31 March which are more likely than not to be settled. The Council takes the expert advice in the form of a regular insurance actuarial review of the self-insurance balance to ensure it is sufficient. The total provisions balance at the end of 2025/26 is £8.1m (£10m at the end of 2024/25).

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council's actuary is engaged to provide the Council with expert advice about the assumptions to be applied. For example, a one-year increase in life expectancy would result in an increase in the pension liability of £45m. However, the assumptions interact in complex ways.

During 2025/26, the Council's actuary has reported a net liability (deficit) of £6.1m (£6.4m net liability in 2024/25). There are a number of factors contributing towards the reduction in the deficit in 2025/26, primarily an increase in the fair value of fund assets attributable to increased returns and interest on these assets. In addition, there is a continued accounting adjustment under IAS 19 for the prudent treatment of surplus' in pensions funds. This adjustment is known as an 'asset ceiling' adjustment and further explanation can be found in Note 44.

Arrears

At 31 March 2026, the Council had debtors for a range of Council functions. These debts are reviewed annually, and provisions made principally based on the type and age of debt and taking into consideration the current economic climate. A prudent approach has been taken in setting sums aside with these factors in mind and this year also includes different levels for different types of debt.

Note 5 - Material Items of Income and Expense

A material item is an item of expenditure or income that is unusual in scale and non-recurring. In 2025/26, the following material items are not disclosed on the face of the CIES and therefore separately disclosed:

- In 2025/26, £15.7m of Right to Buy receipts were specifically generated from the sale of 66 Housing Revenue Account properties (£9.6m in 2024/25 from 39 sales). Under the amended Right to Buy statutory requirements none of these receipts from sales were required to be pooled to Government (same as 2024/25).

- For developments within the borough the Council receives receipts from developers on an irregular basis. £26.3m of Section 106 (S106) income from the South London Mail Centre site was received in 2025/26 (£12.9m in 2024/25). £3.5m of S106 income was also received from Embassy Gardens in 2025/26 (nil in 2024/25). A further £7m of CIL income was received in 2025/26 from developers across the borough (£15.3m in 2024/25).
- Losses on the Disposal of Non-Current Assets of £24.7m were recognised in 2025/26. £16.8m of losses relate to the disposal of school assets following their conversion to academy status where the assets are transferred for nil consideration. In addition, £4.5m relates to the granting of a long-term lease arrangement, £3.2m of disposals of Council Dwellings and £0.2m from general fund asset disposals during the year.
- There are no material items for WYR LLP to be separately noted outside the Group Accounts in 2025/26.

Note 6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director of Finance on 30 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (i.e. Government Grants, rents, Council Tax and Business Rates) by authorities in comparison with those resources consumed or earned by authorities in accordance with the Code. The EFA also shows how this expenditure is allocated for decision making purposes between the Council's Service Committees. Income and expenditure accounted for under the Code is presented more fully in the CIES.

Restated 2024-25				2025-26		
Net Committee Expenditure	Adjustments	Net CIES Expenditure		Net Committee Expenditure	Adjustments	Net CIES Expenditure
£000	£000	£000		£000	£000	£000
97,496	2,867	100,363	Children's	104,276	8,702	112,978
51,310	8,849	60,159	Environment	54,415	(8,524)	45,891
(17,857)	51,695	33,838	Finance	(5,952)	45,519	39,567
104,950	(46,440)	58,510	Health	118,356	(51,329)	67,027
32,505	(587)	31,918	Housing	37,124	(3,262)	33,862
0	73,690	73,690	Housing Revenue Account	0	78,088	78,088
(728)	(17,341)	(18,069)	Transport	1,787	(36,462)	(34,675)
267,676	72,733	340,409	Net Cost of Services	310,006	32,732	342,738
(267,363)	5,321	(262,042)	Other Income and Expenditure	(311,837)	42,943	(268,894)
313	78,054	78,367	Surplus or Deficit on Provision of Services	(1,831)	75,675	73,844
(543,324)			Opening Combined General Fund Balance	(524,834)		
313			Plus / less Surplus or Deficit on the General Fund	(1,831)		
25,951			Plus / less Surplus or Deficit on the Housing Revenue Account	(12,647)		
(7,774)			Plus / less movements to or from earmarked reserves	21,240		
(524,834)			Total Combined General Fund Balance	(518,072)		

The following table provides an analysis of the adjustments for the Expenditure and Funding Analysis:

	2025-26			
	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Differences £000	Total Adjustments £000
Children's	1,056	(4,213)	11,859	8,702
Environment	(728)	(354)	(7,442)	(8,524)
Finance	3,746	(2,933)	44,706	45,519
Health	5,582	(1,125)	(55,786)	(51,329)
Housing	483	(476)	(3,269)	(3,262)
Housing Revenue Account	96,749	(871)	(17,790)	78,088
Transport	716	(536)	(36,642)	(36,462)
Net Cost of Services	107,604	(10,508)	(64,364)	32,732
Other Income and Expenditure	0	(3,014)	45,957	42,943
Difference between the Statutory Charge and the Surplus or Deficit in the CIES	107,604	(13,522)	(18,407)	75,675

	Restated 2024-25			
	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Differences £000	Total Adjustments £000
Children's	(453)	(628)	3,948	2,867
Environment	12,469	(63)	(3,557)	8,849
Finance	1,072	(1,329)	51,952	51,695
Health	4,176	(159)	(50,457)	(46,440)
Housing	26	(60)	(553)	(587)
Housing Revenue Account	82,965	60	(9,335)	73,690
Transport	4,096	(73)	(21,364)	(17,341)
Net Cost of Services	104,351	(2,252)	(29,366)	72,733
Other Income and Expenditure	0	(1,175)	6,496	5,321
Difference between the Statutory Charge and the Surplus or Deficit in the CIES	104,351	(3,427)	(22,870)	78,054

Note 8 - Expenditure and Income Analysed by Nature

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

Restated		2025-26
2024-25	Nature of Expenditure or Income	£000
£000		£000
(332,542)	Fees, charges and other service income	(362,022)
(40,001)	Interest and investment income	(32,649)
(184,914)	Income from local taxation	(184,581)
(553,955)	Government grants and contributions	(625,995)
302,400	Employee benefits expenses	318,845
62,469	Support service recharge expenditure	68,606
681,256	Other service expenses	714,265
145,641	Depreciation, amortisation and impairment	148,662
1,171	Interest payments	1,400
4,399	Precepts and levies	4,507
0	Payments to Housing Capital Receipts Pool	26
(5,369)	Gain or loss on disposal of non-current assets	24,700
(2,188)	Movement in fair value of financial instruments	(1,920)
78,367	Surplus or Deficit for Year	73,844

Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

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

2025-26	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
<u>Adjustments to the Revenue Resources:</u>						
Pension cost (transferred to (or from) the Pensions Reserve)	12,327	1,195	0	0	0	(13,522)
Changes in Fair Value of Pooled Investments	1,920	0	0	0	0	(1,920)
Council tax and NNDR (transfers to or from the Collection Fund)	1,690	0	0	0	0	(1,690)
Holiday pay (transferred to the Accumulated Absences reserve)	385	104	0	0	0	(489)
Transfer of Schools Budget deficit to DSG Unusable Reserve	(11,348)	0	0	0	0	11,348
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)	(49,375)	(112,470)	0	0	(50,129)	211,974
Total Adjustments to Revenue Resources	(44,401)	(111,171)	0	0	(50,129)	205,701
<u>Adjustments between Revenue and Capital Resources:</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,344	9,249	(12,593)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(188)	188	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(26)	0	26	0	0	0
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	0	25,050	0	(25,050)	0	0
Borrowing or liabilities met from the Housing Revenue Account	0	10,502	0	0	0	(10,502)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	10,004	0	0	0	0	(10,004)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	30,556	0	0	0	0	(30,556)
Total Adjustments between Revenue and Capital Resources	43,878	44,613	(12,379)	(25,050)	0	(51,062)
<u>Adjustments to Capital Resources:</u>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	12,490	0	0	(12,490)
Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	0	0	(107)	0	0	107
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	25,000	0	(25,000)
Application of capital grants to finance capital expenditure	0	0	0	0	70,897	(70,897)
Cash payments in relation to deferred capital receipts	0	0	(4)	0	0	4
Total Adjustments to Capital Resources	0	0	12,379	25,000	70,897	(108,276)
Total Adjustments	(523)	(66,558)	0	(50)	20,768	46,363

Restated						
2024-25	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<u>Adjustments to the Revenue Resources</u>						
Pension cost (transferred to (or from) the Pensions Reserve)	3,326	101	0	0	0	(3,427)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	2,188	0	0	0	0	(2,188)
Council Tax and NDR (transfers to or from the Collection Fund)	8,036	0	0	0	0	(8,036)
Holiday pay (transferred to the Accumulated Absences reserve)	(847)	(204)	0	0	0	1,051
Transfer of Schools Budget deficit to DSG Unusable Reserve	(7,311)	0	0	0	0	7,311
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)	(44,490)	(117,562)	0	0	(13,427)	175,479
Total Adjustments to Revenue Resources	(39,098)	(117,665)	0	0	(13,427)	170,190
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,079	9,054	(10,133)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(113)	113	0	0	0
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	0	28,342	0	(28,342)	0	0
Borrowing or liabilities met from the Housing Revenue Account	0	42,084	0	0	0	(42,084)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	5,418	0	0	0	0	(5,418)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,022	0	0	0	0	(11,022)
Total Adjustments between Revenue and Capital Resources	17,519	79,367	(10,020)	(28,342)	0	(58,524)
<u>Adjustments to Capital Resources</u>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	23,625	0	0	(23,625)
Capital Receipts on loan repayments debited to the capital adjustment account	0	0	(90)	0	0	90
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	41,275	0	(41,275)
Application of capital grants to finance capital expenditure	0	0	0	0	47,737	(47,737)
Total Adjustments to Capital Resources	0	0	23,535	41,275	47,737	(112,547)
Total Adjustments	(21,579)	(38,298)	13,515	12,933	34,310	(881)

Note 10 - Other Operating Expenditure

2024-25		2025-26
£000		£000
4,399	Levies	4,507
0	Payments to the Government Housing Capital Receipts Pool	26
(5,369)	Gains/losses on the Disposal of Non-Current Assets	24,700
(970)	Total Other Operating Expenditure	29,233

Note 11 - Financing and Investment Income and Expenditure

2024-25		2025-26
£000		£000
1,171	Interest payable and similar charges	1,400
(1,175)	Net interest on the net defined benefit liability (asset)	(3,014)
(33,321)	Interest receivable and similar income	(28,615)
(5,460)	Income and expenditure in relation to investment properties and changes in their fair value	(955)
(2,188)	Movement in fair value of financial instruments	(1,920)
(44)	Other (Trading Accounts)	(65)
(41,017)	Total	(33,169)

Note 12 - Taxation and Non-Specific Grant Income

2024-25		2025-26
£000		£000
(72,720)	Council tax income	(75,430)
(112,193)	Non-domestic rates income and expenditure	(109,151)
(35,914)	Non-ringfenced government grants and contributions	(39,344)
773	Capital grants and contributions	(41,033)
(220,054)	Total	(264,958)

Note 13 - Transfers to/from Earmarked Reserves

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

	Balance at 1 April 2024 £000	Transfers In 2024-25 £000	Transfers Out 2024-25 £000	Balance at 31 March 2025 £000	Transfers In 2025-26 £000	Transfers Out 2025-26 £000	Balance at 31 March 2026 £000
General Fund Reserves:							
Financial Resilience Reserve	(97,143)	(1,391)	7,057	(91,477)	(5)	25,539	(65,943)
Pensions Resilience Reserve	(42,574)	0	850	(41,724)	0	850	(40,874)
Renewals Fund	(26,240)	(475)	1,008	(25,707)	(475)	1,378	(24,804)
Cost of Living Reserve	(10,930)	0	2,134	(8,796)	0	2,595	(6,201)
Service Transformation Reserve	(9,599)	(1,410)	3,858	(7,151)	(1,900)	3,034	(6,017)
DSOs Reserve	(7,924)	(470)	50	(8,344)	(94)	215	(8,223)
Waste & Recycling Reserve	0	(725)	0	(725)	(4,054)	725	(4,054)
Access For All	0	(4,850)	383	(4,467)	0	1,654	(2,813)
Refugee and Homelessness Reserve	(6,726)	(140)	1,415	(5,451)	0	2,780	(2,671)
Finite Services Fund	(1,410)	0	1,410	0	0	0	0
Specific Grant Reserve	(1,000)	0	1,000	0	0	0	0
Other	(641)	(290)	882	(49)	(262)	400	89
Subtotal	(204,187)	(9,751)	20,047	(193,891)	(6,790)	39,170	(161,511)
S106 Revenue Reserves	(122,668)	(22,459)	14,741	(130,386)	(37,052)	32,273	(135,165)
Collection Fund Volatility Reserve	(18,174)	(6,051)	0	(24,225)	(4,404)	2,014	(26,615)
Education Balances	(13,783)	(15,010)	12,988	(15,805)	(20,631)	19,185	(17,251)
IFRS9 Investment Volatility Reserve	(4,800)	(3,175)	0	(7,975)	(4,950)	0	(12,925)
Insurance Reserve - General	(10,155)	(1,920)	6,823	(5,252)	(232)	1,733	(3,751)
Insurance Reserve - HRA	0	(4,007)	0	(4,007)	(309)	1,233	(3,083)
Total General Fund	(373,767)	(62,373)	54,599	(381,541)	(74,368)	95,608	(360,301)

Note 14 - Property, Plant and Equipment

Movements to 31 March 2026	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
at 1 April 2025	1,610,722	1,112,493	41,595	22,428	1,276	241,588	3,030,102
Opening Balance Adjustments	0	(952)				952	0
Additions	55,862	29,636	3,256	334	7	62,409	151,504
Revaluation increases(decreases) recognised in the Revaluation Reserve	(27,936)	(35,309)	0	0	7,329	0	(55,916)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(102,139)	(825)	0	0	0	0	(102,964)
Derecognition – disposals	(12,288)	(16,758)	0	0	0	(4,504)	(33,550)
Reclassifications and transfer	114,608	50,883	0	0	(5,592)	(168,809)	(8,910)
at 31 March 2026	1,638,829	1,139,168	44,851	22,762	3,020	131,636	2,980,266
Accumulated Depreciation and Impairment							
at 1 April 2025	0	(7,369)	(22,977)	0	0	0	(30,346)
Depreciation charge	(23,765)	(17,832)	(1,584)	0	0	(25)	(43,206)
Depreciation written out to the Revaluation Reserve	15,865	9,312	0	0	0	0	25,177
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,900	1,100	0	0	0	0	9,000
Derecognition – disposals	0	79	0	0	0	25	104
at 31 March 2026	0	(14,710)	(24,561)	0	0	0	(39,271)
Net Book Value 31 March 2026	1,638,829	1,124,458	20,290	22,762	3,020	131,636	2,940,995
Net Book Value 31 March 2025	1,610,723	1,105,123	18,618	22,428	1,276	241,589	2,999,757

Movements to 31 March 2025	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
at 1 April 2024	1,711,630	1,112,816	34,615	21,819	1,761	36,233	2,918,874
Opening Balance Adjustments	2,228	(2,228)				133,191	133,191
Additions	41,733	45,009	8,783	609	0	43,969	140,103
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(45,793)	(664)	0	0	(485)	0	(46,942)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(100,111)	(9,391)	0	0	0	0	(109,502)
Derecognition – disposals	(3,468)	(350)	(1,803)	0	0	0	(5,621)
Reclassifications and transfer	4,504	(32,699)				28,196	1
at 31 March 2025	1,610,723	1,112,493	41,595	22,428	1,276	241,589	3,030,104
Accumulated Depreciation and Impairment							
at 1 April 2024	(4)	(3,194)	(22,444)	0	0	0	(25,642)
Depreciation charge	(27,059)	(13,910)	(1,504)	0	0	0	(42,473)
Depreciation written out to the Revaluation Reserve	11,902	8,099	0	0	0	0	20,001
Depreciation written out to the Surplus/Deficit on the Provision of Services	15,161	1,635	0	0	0	0	16,796
Derecognition – disposals			971				971
at 31 March 2025	0	(7,370)	(22,977)	0	0	0	(30,347)
Net Book Value 31 March 2025	1,610,723	1,105,123	18,618	22,428	1,276	241,589	2,999,757
Net Book Value 31 March 2024	1,711,626	1,109,622	12,171	21,819	1,761	36,233	2,893,232

Capital Commitments

At 31 March 2026, the Council had entered into a number of on-going contracts for the construction or enhancement of property, plant and equipment. The table below shows the details of outstanding contractual commitments over £0.5m.

2024-25	Capital Scheme	2025-26
£000		£000
48,799	Atheldene Regeneration	31,239
34,291	Primary School - Nine Elms	30,742
0	Farnborough House Garages Development	19,706
17,296	The Alders Regeneration	13,451
0	Alton Estate window renewal	12,516
0	Eastwood North Regeneration	6,415
0	Bessborough Road Garages Development	5,547
0	Wandsworth Town Station - Second Entrance	4,176
0	Eastwood South Regeneration	3,928
0	Doddington Estate kitchen and bathroom	3,002
0	Wandsworth Town Station - Access for All	2,650
0	Boroughwide Sheltered Electrical Upgrades	1,787
0	Fairfield Court roof & Window Renewal	1,392
0	Southlands Estate kitchens and bathrooms	1,292
0	Atheldene health centre	1,234
0	Boroughwide Replacement of communal fans	1,064
0	Stockhurst Close window renewal	780
0	Upper Richmond Road 125 window renewal	710
0	Furzedown Primary School Dining Hall	671
0	Alton Estate lift refurbishment	663
0	Arndale lift refurbishment	658
3,761	Platt Estate (North & South) Regeneration	530
7,059	Paddock at Broadwater Primary	0
6,020	Randall Close Regeneration	0
3,343	Wendlesworth Estate Window Renewals	0
3,302	Putney Vale Regeneration	0
2,419	William Willison Window Renewals	0
2,160	Alton Estate Kitchens & Bathrooms	0
2,113	Hazelhurst Estate Kitchens & Bathrooms	0
1,931	Boroughwide Sprinkler Installations	0
1,823	Cambalt Road Window Renewals	0
1,574	59 Arnal Crescent Regeneration	0
1,346	Winstanley Estate Lift Refurbishment	0
1,094	Boroughwide Sheltered Bathroom Upgrades	0
1,048	Ashburton Estate Hayward Gardens Lift Refurbishment	0
884	Battersea High Street Roof Renewals	0
708	Holborn Estate Kitchens & Bathrooms	0
560	Patmore Street Regeneration	0
141,531		144,153

Effects of Changes in Estimates

From 1 April 2025, the Code requires authorities revalue their assets every five years on a rolling programme, with annual indexation applied to assets during the four intervening years. The significant assumptions applied in estimating the current values of property, plant and equipment relate to the selection of indices to ensure the value of an asset is kept materially up to date. Indices were provided by WHE with an effective valuation date of 31 March 2026.

Index	Change %	Valuation change £000
Building	2.24%	3,186
Land	-4.65%	(6,793)
Industrial	3.84%	459
Office	-5.27%	(929)
Retail	0.71%	90
Residential	-5.04%	(2,083)
Residential Land (Greenfield)	-2.40%	(1)
Residential Land (Brownfield)	-4.65%	(857)
Total indexation applied		(6,928)

Revaluations

Accounting Policy 1.20 outlines the Council's full approach to valuations in 2025/26. In addition, the Council reviews groups of properties on an annual basis to assess any significant changes that would require a revaluation within the five year period. Fair value as applied to relevant assets will depend upon the property market. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying value of assets falls.

The main factors affecting the property market in 2025/26 relate to a period of ongoing economic and geopolitical uncertainty, including inflationary pressures and interest rate volatility which bring uncertainty to market expectations. WHE have used substantial transaction volumes and other reliable market evidence to provide reliable asset valuations.

WHE not aware of any specific impact to the value of assets within the portfolio. For the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPGA 10 of the RICS Valuation – Global Standards. This publication reference has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. Valuations of land and buildings were carried out by WHE with an effective valuation date of 31 March 2026 in accordance with the methodologies and basis of estimation set out in the professional standards of RICS.

Prior Period Adjustment

An audit finding resulted in a prior period adjustment to 2024/25 opening balances. Expenditure relating to assets under construction had incorrectly been recognised within Council Dwellings within Property, Plant and Equipment. Following a detailed review, this expenditure has been reclassified to Assets Under Construction to reflect the correct stage of completion and asset classification. The impact of this change is to increase Assets Under

Construction by £133.2m, with a net corresponding increase in unusable reserves, as shown by the opening balance adjustments to the 2024/25 comparator figures.

Note 15 – Infrastructure Assets

In accordance with the temporary statutory override prescribed by CIPFA, Infrastructure Assets are reported separately from Other Property, Plant and Equipment. This note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

2024-25		2025-26
£000		£000
117,083	At 1 April	123,232
16,608	Additions	27,397
(10,460)	Depreciation	(11,488)
123,231	at 31 March	139,141

Infrastructure Assets and other Property, Plant and Equipment are combined on the Balance Sheet as follows:

Restated		2025-26
2024-25		£000
£000		£000
123,231	Infrastructure Assets	139,141
2,999,757	Other Property, Plant and Equipment	2,940,995
3,122,988	at 31 March	3,080,136

Depreciation is charged on Infrastructure assets on a straight-line basis.

Note 16 - Heritage Assets

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

There is no formal policy for the acquisition, preservation, management and disposal of civic regalia. The Council would however have regard to upholding the dignity of the Office of the Mayor. Various items have mainly been presented to the Council by well wishers or external bodies. Items have rarely been purchased, and there are no records of any disposals. The assets are stored either in the vault or in the Mayor's parlour.

The insurance listing constitutes a register of the assets and the assets are measured at valuation and are not subject to depreciation. The valuations are at retail replacement value for insurance purposes as at 29 March 2026. They were carried out by JEMS, a firm of independent specialist appraisers and international jewellery consultants. The latest valuation resulted in a £0.9m increase to the carrying value of the heritage assets.

The Council is of the opinion that the costs of identifying and obtaining valuations for other potential heritage assets, such as the statue of King Edward VII at Tooting Broadway

Underground Station, statues and sculptures in parks and open spaces and other artefacts held, would be disproportionate in terms of the benefits derived by the users of the Accounts.

2024-25		2025-26
£000	Heritage Assets Movements in Year	£000
1,351	Opening Balance	1,351
0	Revaluations	887
1,351	at 31 March	2,239

Note 17 - Investment Properties

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2025		31 March 2026
£000	Investment Property Income and Expenditure	£000
(4,807)	Rental income from investment property	(4,431)
(4,807)	Net (gain)/loss	(4,431)

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

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

31 March 2025		31 March 2026
Non-Current		Non-Current
£000	Investment Properties Movements in Year	£000
74,336	Opening Balance	75,032
42	Acquisitions	0
654	Net gains/losses from fair value adjustments	(3,476)
75,032	Balance at the end of the year	71,556

The fair value of the Council's investment property is measured annually at each reporting date. WHE is not aware of any specific impact to the value of assets within the portfolio. For the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPGA 10 of the RICS Valuation – Global Standards. This publication reference has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared.

Valuations of land and buildings were carried out by WHE with an effective valuation date of 31 March 2026 in accordance with the methodologies and basis of estimation set out in the professional standards of RICS.

Note 18 – Intangible Assets

The Council accounts for its software as an intangible asset. The carrying amount of intangible assets is amortised on a straight-line basis. The movement on intangible asset balances during the year is as follows:

Re-presented			31 March
31 March 2025			2026
Total			Total
£000			£000
	Balance at start of year:		
289	Gross carrying amounts		289
(197)	Accumulated amortisation		(200)
92	Net carrying amount at start of year		89
(3)	Amortisation for the period		(6)
	Net carrying amount at end of year		(6)
289	Gross carrying amounts		289
(200)	Accumulated amortisation		(206)
89	Total		83

The note has been re-presented in 2025/26 to show the breakdown of the carrying amount between gross cost and accumulated amortisation.

Note 19 - Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

	Consumable Stores		Work in Progress		Total	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	883	801	3,137	1,649	4,020	2,450
Purchases	2,060	2,200	1,420	1,692	3,480	3,892
Recognised as an expense in the year	(2,142)	(2,193)	(2,908)	(1,512)	(5,050)	(3,705)
Balance Outstanding at Year End	801	808	1,649	1,829	2,450	2,637

Note 20 - Financial Instruments

The following categories of financial instruments are presented in the Balance Sheet.

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 26
	£000	£000	£000	£000	£000
Fair value through profit and loss	124,416	131,488	0	0	131,488
Amortised Cost	10,000	50,000	36,409	36,341	86,341
Total financial assets	134,416	181,488	36,409	36,341	217,829

Current Financial Assets

	Investments		Debtors		Total
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 26
	£000	£000	£000	£000	£000
Amortised cost	364,208	227,183	102,614	108,613	335,796
Total financial assets	364,208	227,183	102,614	108,613	335,796

Non-Current Financial Liabilities

	Borrowings		Creditors		Other		Total
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 26
	£000	£000	£000	£000	£000	£000	£000
Amortised cost	0	0	0	0	(2,199)	(2,199)	(2,199)
Other	0	0	0	0	(6,349)	(11,826)	(11,826)
Total financial liabilities	0	0	0	0	(8,548)	(14,025)	(14,025)

Current Financial Liabilities

	Borrowings		Creditors		Total
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 26
	£000	£000	£000	£000	£000
Amortised cost	(850)	(1,070)	(129,045)	(121,126)	(122,196)
Total financial liabilities	(850)	(1,070)	(129,045)	(121,126)	(122,196)

*There is no external borrowing in 2025/26. The £1.1m detailed is funds held for North East Surrey Crematorium Board.

Income, Expenses, Gains and Losses shown in the Surplus or Deficit on the Provision of Services

	2024-25	2025-26
	£000	£000
Net gains or losses on		
Financial assets measured at fair value	(2,188)	(1,920)
Total Net Gains or Losses	(2,188)	(1,920)
Interest Revenue		
Financial assets measured at amortised cost	(33,321)	(28,615)
Total Interest Revenue	(33,321)	(28,615)
Interest expense	1,171	1,400

Note 21 - Debtors

31 March 2025		31 March 2026	
£000		£000	
52,141	Trade Receivables	58,069	
8,727	Prepayments	11,569	
9,171	Housing Benefits	8,363	
18,390	Other Local Authorities	24,508	
8,979	Other Entities and Individuals	8,611	
21,760	NHS Bodies	21,578	
23,327	Central Government Bodies	31,572	
142,495	Total	164,270	

Note 22 - Debtors for Local Taxation

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

31 March 2025		31 March 2026	
£000		£000	
197	Less than three months	248	
592	Three to six months	744	
1,183	Six months to one year	1,488	
4,486	More than one year	5,397	
6,458	Total	7,877	

Note 23 - Cash and Cash Equivalents

The balance of cash and cash equivalents shown on the Balance Sheet is made up of the following elements:

31 March 2025		31 March 2026	
£000		£000	
5,179	Cash and Bank balances	3,927	
78,450	Short Term Deposits	72,300	
83,629	Total Cash and Cash Equivalents	76,227	

Note 24 - Assets Held for Sale

31 March 2025		31 March 2026	
Non-Current £000		Non-Current £000	
968	Balance outstanding at start of year	967	
(1)	Revaluations	0	
0	Disposals	(3,658)	
0	Transfers	8,909	
967	Balance at the end of the year	6,218	

Note 25 – Creditors

31 March 2025		31 March 2026	
£000		£000	
(20,014)	Trade payables	(22,541)	
(33,547)	Central Government Bodies	(44,504)	
(79,569)	Other Local Authorities	(49,167)	
(2,723)	NHS Bodies	(750)	
(69,215)	Other Entities and Individuals	(87,362)	
(205,068)	Total Creditors	(204,324)	

Note 26 – Provisions

Current Provisions

2025-26	Central Insurance Fund £000	Tree Root Claims £000	Business Rates Appeals £000	Other Provisions £000	Total £000
Opening balance	(2,677)	(357)	(3,209)	0	(6,243)
Increase in provision during year	(333)	(25)	(562)	(430)	(1,350)
Utilised during year	0	0	3,026	156	3,182
Unused amounts reversed	0	0	0	399	399
Closing Balance	(3,010)	(382)	(745)	125	(4,012)

2024-25	Central Insurance Fund £000	Tree Root Claims £000	Business Rates Appeals £000	Other Provisions £000	Total £000
Opening balance	(3,915)	(352)	(5,386)	0	(9,653)
Increase in provision during year	(253)	(5)	(1,203)	0	(1,461)
Utilised during year	1,081	0	3,380	0	4,461
Unused amounts reversed	410	0	0	0	410
Closing Balance	(2,677)	(357)	(3,209)	0	(6,243)

Long Term Provisions

2025-26	Central Insurance Fund £000	Tree Root Claims £000	Other Provisions £000	Total £000
Opening balance	(504)	(3,209)	(81)	(3,794)
Increase in provision during year	(142)	(227)	0	(369)
Unused amounts reversed	0	0	81	81
Closing Balance	(646)	(3,436)	0	(4,082)

2024-25	Central Insurance Fund £000	Tree Root Claims £000	Other Provisions £000	Total £000
Opening balance	(967)	(3,164)	(81)	(4,212)
Change in Provision during the year	0	(45)	0	(45)
Unused amounts reversed	463	0	0	463
Closing Balance	(504)	(3,209)	(81)	(3,794)

Notes to the Provisions

The Council does not have external insurance for all potential risks and accordingly has established an insurance provision mainly to meet liability claims currently up to £531,108 of each loss. The provision is mainly based on advice from the Council's insurer. The timing of payment is uncertain as liability claims, in particular, can take many years to be settled. The Council provides for claims resulting from damage caused by Council trees on the highway. Claims can take several years to settle and the balance on the provision is to meet the cost of outstanding claims.

2024-25	Total Provisions	2025-26
£000		£000
(13,865)	Opening balance	(10,037)
(1,506)	Increase in provision during year	(1,719)
4,461	Utilised during year	3,182
873	Unused amounts reversed	480
(10,037)	Closing Balance	(8,094)

Note 27 – Usable Reserves

Movements in the Council's usable reserves are detailed in the MiRS.

Capital Receipts Reserve

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

31 March 2025		31 March 2026
£000		£000
(13,515)	Balance 1 April	0
(10,133)	Capital Receipts in year	(12,593)
0	Deferred Receipts realised	(4)
0	Capital Receipts Pooled	26
113	Transfer to revenue reserves for disposals	188
(90)	Capital receipts on loan repayments	(107)
23,625	Capital Receipts used for financing	12,490
0	Balance 31 March	0

Major Repairs Reserve

The Council is required to maintain a Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at 31 March 2026.

31 March 2025		31 March 2026
£000		£000
(37,933)	Balance 1 April	(25,000)
(28,342)	Depreciation and Amortisation	(25,050)
41,275	Application to finance capital expenditure	25,000
(25,000)	Balance 31 March	(25,050)

Capital Grants Reserve

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

31 March 2025		31 March 2026
£000		£000
(185,361)	Balance 1 April	(151,051)
(13,427)	Capital grants recognised in year	(50,129)
47,737	Capital grants and contributions applied	70,897
(151,051)	Balance 31 March	(130,283)

Note 28 - Unusable Reserves

Restated		
31 March 2025		31 March 2026
£000		£000
(1,115,024)	Revaluation Reserve	(1,058,211)
(1,931,996)	Capital Adjustment Account	(1,906,326)
6,366	Pension Reserve	6,059
(4)	Deferred Capital Receipts Reserve	0
(5,193)	Collection Fund Adjustment Account	(6,882)
6,687	Accumulated Absences Account	6,197
658	Pooled Investment Funds Adjustment Account	(1,262)
21,175	DSG Unusable Reserve	32,523
(3,017,331)	Total	(2,927,902)

Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

Restated		
31 March 2025		31 March 2026
£000		£000
(1,097,596)	Balance 1 April	(1,115,024)
(54,833)	Opening balance adjustments	0
(56,882)	Upward revaluation of assets	(78,555)
83,823	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	108,407
26,941	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	29,852
9,938	Difference between fair value depreciation and historical cost depreciation	8,745
526	Accumulated gains on assets sold or scrapped	18,216
10,464	Amount written off to the Capital Adjustment Account	26,961
(1,115,024)	Balance 31 March	(1,058,211)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or additions to those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the CIES. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent expenditure. The account contains accumulated gains and losses on investment properties.

31 March 2025		31 March 2026
£000		£000
(1,847,583)	Balance 1 April	(1,931,996)
(78,357)	Opening balance adjustments	0
52,932	Charges for depreciation and impairment of non-current assets	54,693
92,704	Revaluation losses on non-current assets	93,964
5	Amortisation of intangible assets	5
25,841	Revenue expenditure funded from capital under statute	22,732
4,651	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	37,105
176,133	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	208,499
(10,464)	Adjusting Amounts written out of the Revaluation Reserve	(26,961)
165,669	Net written out amount of the cost of non-current assets consumed in the year	181,538
(23,625)	Use of Capital Receipts Reserve to finance new capital expenditure	(12,490)
(47,737)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(70,897)
(41,275)	Use of Major Repairs Reserve to finance new capital expenditure	(25,000)
(5,418)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(10,005)
(11,022)	Capital expenditure charged against the General Fund and HRA balances	(30,556)
(129,077)	Capital financing applied in year:	(148,948)
(42,084)	Borrowing or liabilities met from the HRA	(10,502)
(654)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,476
90	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	106
(1,931,996)	Balance 31 March	(1,906,326)

Pensions Reserve

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

31 March 2025		31 March 2026
£000		£000
7,225	Opening Balance	6,366
2,568	Remeasurements of the net defined benefit (liability)/asset	13,215
27,056	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	19,081
(30,483)	Employer's pensions contributions and direct payments to pensioners payable in the year	(32,603)
6,366	Balance 31 March	6,059

Deferred Capital Receipts Reserve

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

31 March 2025		31 March 2026
£000		£000
(4)	Balance 1 April	(4)
0	Transfer to the Capital Receipts Reserve upon receipt of cash	4
(4)	Balance 31 March	0

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 CIES as it falls due from payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31 March 2025		31 March 2026
£000		£000
2,843	Balance 1 April	(5,193)
(8,036)	Amount by which council tax and non-domestic rates income credited to the CI&ES is different from council tax income calculated for the year in accordance with statutory requirements	(1,689)
(5,193)	Balance 31 March	(6,882)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year.

31 March 2025		31 March 2026
£000		£000
5,636	Balance 1 April	6,687
(5,636)	Settlement or cancellation of accrual made at the end of the preceding year	(6,687)
6,687	Amounts accrued at the end of the current year	6,197
1,051	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(490)
6,687	Balance 31 March	6,197

Pooled Investment Funds Adjustment Account

The Pooled Investment Funds Adjustment Account contains the gains or losses made by the Council arising from increases in the value of its Pooled Investments that are measured at fair value through the CIES.

31 March 2025		31 March 2026	
£000		£000	
2,846	Balance 1 April	658	
(2,188)	Changes in fair value of pooled investments	(1,920)	
658	Balance 31 March	(1,262)	

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account holds accumulated deficits relating to the schools' budget. Where the Council has incurred a deficit on its schools' budget in years beginning 1 April 2020 ending 1 April 2026, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

31 March 2025		31 March 2026	
£000		£000	
13,864	Balance 1 April	21,175	
7,311	Increase / (Reduction) of Dedicated Schools Grant Deficit	11,348	
21,175	Balance 31 March	32,523	

Note 29 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2025		31 March 2026	
£000		£000	
(28,597)	Interest received	(32,631)	
1,171	Interest paid	1,400	
(27,426)	Total	(31,231)	

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

Restated		31 March 2026
31 March 2025		£000
£000		£000
(52,932)	Depreciation	(54,693)
(92,704)	Impairment and downward valuations	(93,964)
(5)	Amortisation	(5)
25,914	(Increase)/decrease in creditors	(4,254)
23,482	Increase/(decrease) in debtors	12,365
(1,569)	Increase/(decrease) in inventories	187
3,427	Movement in pension liability	13,522
(4,651)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(37,105)
(16,166)	Other non-cash movements charged to the surplus or deficit on provision of services	5,338
(115,204)	Total	(158,609)

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

31 March 2025		31 March 2026
£000		£000
10,133	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	12,593
13,427	Any other items for which the cash effects are investing or financing cash flows	50,129
23,560	Total	62,722

Note 30 - Cash Flow from Investing Activities

31 March 2025		31 March 2026
£000		£000
117,284	Purchase of property, plant and equipment, investment property and intangible assets	162,629
934,485	Purchase of short-term and long-term investments	255,200
18,678	Other payments for investing activities	34
(10,067)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(12,596)
(984,229)	Proceeds from short-term and long-term investments	(348,000)
(46,463)	Other receipts from investing activities	(42,356)
29,688	Net cash flows from investing activities	14,911

Note 31 - Cash Flow from Financing Activities

31 March 2025		31 March 2026
£000		£000
(556)	Cash receipts of short-term and long-term borrowing	(560)
10,889	Cash payments for the reduction of outstanding liabilities relating to leases	9,314
17,525	Repayments of short-term and long-term borrowing	340
(23,480)	Other payments for financing activities	5,440
4,378	Net cash flows from financing activities	14,534

Note 32 – Reconciliation of Liabilities from Financing Activities

	31 March 2025	Financing Cash Flows	Other non-Cash Changes	31 March 2026
	£000	£000	£000	£000
Short-term borrowing	(850)	(220)	0	(1,070)
Finance Leases	(11,588)	9,314	(12,675)	(14,949)
Total liabilities from financing activities	(12,438)	9,094	(12,675)	(16,019)

Note 33 - Agency Services

In 2025/26, there have been no income streams constituting an agency relationship which individually are over £1m (same as 2024/25).

Various other grants, previously classified as agency relationships have ended and therefore are not included.

Note 34 - Pooled Budgets

Pooled Funding Schemes are administered by Joint Commissioning Bodies (JCBs), whose purpose is to agree and monitor the funding and expenditure of each pooled budget area. This includes agreeing funding budgets each year and monitoring the expenditure against these quarterly, as well as agreeing appropriate service policies and actions, and reporting on outturn positions. Representatives from each partner organisation attend the JCBs and reports are provided for discussion/information.

The Council has two pooled budget agreements under S75 of the NHS Act 2006 as at 31 March 2026. These are:

Better Care Fund (BCF)

The BCF was established by the Government to provide funds to local areas to support the integration of health and social care and to seek to achieve the national conditions and local objectives, shifting the focus of care from hospital to community provision. As a result, the Council entered into a S75 agreement in 2015/16 with Wandsworth CCG to establish a pooled fund. The fund is being invested in a number of established and new schemes which aim to support people to access appropriate care closer to home and keep people independent for as long as possible and prevent unnecessary hospital admissions. Wandsworth Council is the host for the fund.

2024-25	Better Care Fund	2025-26
£000		£000
(26,657)	Authority Funding	(28,482)
(18,839)	Partner Funding	(20,470)
(45,496)	Total Pooled Funding	(48,952)
26,657	Authority Expenditure	28,482
18,839	Partner Expenditure	20,470
45,496	Expenditure	48,952
0	Net Surplus/Deficit on the Pooled Budget	0
0	Authority Share of the Net Surplus / Deficit	0

Joint Integrated Community Equipment Service

The current S75 agreement commenced on the 1st October 2017 and operates between the Council, Central London Community Healthcare (CLCH) and St George's University NHS Trust. In 2023/24 this moved under an Integrated Care Board (ICB). The pooled fund for 2025/26 has a net surplus of £0.3m (£0.6m surplus in 2024/25). Health partners are recharged as per their spend and all expenditure incurred is recovered in full. Any surplus (or deficit) falls therefore to the Council and is charged to the General Fund.

2024-25	Joint Integrated Community Equipment Service	2025-26
£000		£000
(718)	Authority Funding	(936)
(2,648)	Partner Funding	(2,137)
(3,366)	Total Pooled Funding	(3,073)
71	Authority Expenditure	703
2,648	Partner Expenditure	2,049
2,719	Expenditure	2,752
(647)	Net Surplus/Deficit on the Pooled Budget	(321)
(647)	Authority Share of the Net Surplus / Deficit	(321)

Note 35 - Members' Allowances

The Local Authorities (Members' Allowances) (England) Regulations 2003 as amended provide for the circumstances in which allowances are payable to Members, and to the maximum amounts payable in respect of certain allowances. The Council paid the following amounts to members of the Council during the year:

2024-25		2025-26
£000		£000
1,145	Allowances	1,192
1,145	Total Members' Allowances	1,192

Note 36 - Officers' Remuneration

The Council entered into the Richmond and Wandsworth Better Service Partnership (formerly known as the SSA) with LB Richmond from 1 October 2016. All tables represent Wandsworth's proportion of the salary costs with the remaining balance being charged to LB Richmond. As prescribed by the Code the tables below set out:

- senior officer remuneration where this exceeds £150,000 including those who report to the Chief Executive detailed by name.
- the bandings of officers whose Better Service Partnership salary share is £50,000 or more per year; and
- analysis of exit packages paid during the year.

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

2025-26	<i>Notes</i>	Salary & Other Payments	Compensation for loss of office	Employers Pension Contributions	Total
		£	£	£	£
Interim Chief Executive - A. Travers	1	164,390	0	31,398	195,788
Former Interim Chief Executive & Former Executive Director of Housing & Regeneration - B. Reilly	2	60,126	0	7,594	67,720
Executive Director of Children's Services and Deputy Chief Executive - A. Popovici	3	233,957	0	44,686	278,643
Executive Director of Resident Services & Former Executive Director of Environment and Community Services - P. Chadwick	4	142,691	0	27,254	169,945
Executive Director of Finance - F. Merry	-	142,691	0	27,254	169,945
Executive Director of Adult Social Care and Public Health - J. DeSouza	-	140,343	0	26,806	167,149
Executive Director of Change and Innovation - S. Olsen	-	126,478	0	24,157	150,635
Executive Director of Growth and Place - N Hussain	5	46,200	0	8,824	55,024
Interim Executive Director of Housing and Regeneration - D. Worth	-	113,016	86,940	21,586	221,542
Assistant Chief Executive - J. Evans	-	105,592	0	20,168	125,760
Director of Education	-	167,606	0	32,013	199,619
Director of Housing Management	6	75,688	82,723	13,606	172,017
Director of Business and Resources (Children's Services)	-	151,940	0	0	151,940
Director of Public Health	-	103,247	0	19,848	123,095
Director of Practice (Children's Services)	-	41,480	0	7,397	48,877
		1,815,445	169,663	312,591	2,297,699

2024-25		Salary & Other Payments	Compensation for loss of office	Employers Pension Contribution	Total
	<i>Notes</i>	£	£	£	£
Interim Chief Executive - B. Reilly	2	160,771	0	30,707	191,478
Former Chief Executive – M. Jackson	-	98,688	0	0	98,688
Executive Director of Children’s Services and Interim Deputy Chief Executive - A. Popovici	3	211,321	0	40,173	251,494
Executive Director of Environment and Community Services - P. Chadwick	4	138,267	0	26,409	164,676
Executive Director of Finance - F. Merry	-	129,750	0	24,782	154,532
Executive Director of Adult Social Care and Public Health - J. DeSouza	-	127,601	0	24,372	151,973
Executive Director of Change and Innovation – S. Olsen	-	113,643	0	21,706	135,349
Assistant Chief Executive - J. Evans	-	102,318	0	19,543	121,861
Director of Practice (Children’s Services)	-	164,133	0	31,349	195,482
Director of Education	-	158,501	0	30,274	188,775
Director of Housing Management	6	157,946	0	30,168	188,114
Director of Business and Resources (Children's Services)	-	161,079	0	0	161,079
Director of Public Health	-	100,694	0	19,232	119,926
		1,824,712	0	298,715	2,123,427

Note 1 – A. Travers started as Interim Chief Executive in April 2025.

Note 2 – The former Interim Chief Executive and Executive Director of Housing & Regeneration left the organisation in November 2025.

Note 3 – A Popovici was appointed Deputy Chief Executive in October 2024 in addition to her role as Executive Director of Children's Services. The Executive Director of Children's Services post works solely for Wandsworth however the role of Deputy Chief Executive is charged across the Better Service Partnership.

Note 4 – The Former Executive Director of Environment and Community Services became Executive Director of Resident Services from October 2025.

Note 5 – The Executive Director of Growth and Place started with the Council in December 2025.

Note 6 –The Director of Housing Management left in September 2025.

Officer Remuneration Banding

The number of employees, including teaching staff, whose remuneration was more than £50,000 is shown in the following table. These figures include redundancy/compensation payments in both years, as required by legislation. The table also includes the officers disclosed in the Senior Officer table above, where LB Richmond's proportion of costs is greater than £50,000. Several officers with a salary greater than £50,000 employed by the Better Service Partnership are excluded from the table below as Richmond's element of the costs are below £50,000. The table below does not include employer's pension contributions.

2024-25				2025-26		
Number of Employees				Number of Employees		
School Staff	Other Staff	Total		School Staff	Other Staff	Total
106	207	313	£50,001 to £55,000	96	234	330
96	148	244	£55,001 to £60,000	95	167	262
25	100	125	£60,001 to £65,000	52	127	179
22	48	70	£65,001 to £70,000	29	47	76
23	34	57	£70,001 to £75,000	21	35	56
11	18	29	£75,001 to £80,000	12	18	30
13	14	27	£80,001 to £85,000	14	16	30
8	16	24	£85,001 to £90,000	8	21	29
5	8	13	£90,001 to £95,000	5	11	16
6	15	21	£95,001 to £100,000	2	11	13
4	8	12	£100,001 to £105,000	5	7	12
3	6	9	£105,001 to £110,000	4	6	10
2	2	4	£110,001 to £115,000	1	4	5
0	0	0	£115,001 to £120,000	1	2	3
0	0	0	£120,001 to £125,000	3	0	3
1	3	4	£125,001 to £130,000	0	1	1
0	0	0	£130,001 to £135,000	1	0	1
0	1	1	£135,001 to £140,000	0	1	1
0	0	0	£140,001 to £145,000	0	4	4
0	0	0	£150,001 to £155,000	0	1	1
0	2	2	£155,001 to £160,000	0	2	2
0	3	3	£160,001 to £165,000	1	1	2
0	0	0	£165,001 to £170,000	0	1	1
1	0	1	£170,001 to £175,000	0	0	0
0	0	0	£190,001 to £195,000	0	1	1
0	1	1	£210,001 to £215,000	0	0	0
0	0	0	£230,001 to £235,000	0	1	1
326	634	960	Total	350	719	1,069

Exit Packages

The number and cost of exit packages are included 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	9	5	16	80	25	85	230,504	704,487
£20,001 - £40,000	2	0	4	14	6	14	178,678	383,076
£40,001 - £60,000	2	0	1	5	3	5	158,917	248,952
£60,001 - £80,000	1	0	1	4	2	4	143,730	274,694
£80,001 - £100,000	2	2	0	2	2	4	185,841	361,866
£100,001 - £150,000	0	0	2	2	2	2	231,053	251,203
£150,001 - £200,000	2	0	1	3	3	3	490,202	489,909
Total	18	7	25	110	43	117	1,618,924	2,714,187
Add: Amounts provided for in CIES not included in bandings							(11,456)	352
Total cost included in CIES							1,607,468	2,714,539

The Council terminated the contracts of a number of employees in 2025/26, incurring liabilities of £2.7m (£1.6m in 2024/25). The total cost in the table above is for exit packages that have been agreed, accrued for and charged to the Council's CIES in the current year.

Note 37 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors.

2024-25		2025-26
£000		£000
326	Fees payable to external auditors for the current year scale fee	363
197	Fees payable to external auditors for previous years additional fee	104
17	Fees payable in respect of other services provided by external auditors	87
540	Total	554

The Council's auditors Ernst & Young LLP continue to submit requests to the Public Sector Audit Appointments (PSAA) for authority to increase the additional fees charged. Additional fees for 2023/24 have been submitted by EY and are currently with PSAA for final decision after council feedback and have therefore been accrued. Additional fees for 2024/25 were submitted in late May to PSAA therefore not accrued and not shown above pending decision. Fees for 2025/26 have not been disclosed by EY at present.

Note 38 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant income provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance and Early Years (England) Regulations 2024. The Schools Budget includes elements for a range of educational services provided on an

authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2025/26 are:

DSG Receivable for 2025-26	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for year before Academies and high needs recoupment			(320,593)
Academy and high needs figure recouped for year			111,084
Total DSG after academy and high needs recoupment			(209,509)
Plus: Brought forward from previous year			0
Less: Carry forward to following year (pre-agreed)			0
Initial budget distribution for year	(57,661)	(151,848)	(209,509)
In Year Adjustments	0	1,091	1,091
Final budget distribution for year	(57,661)	(150,757)	(208,418)
Less: Actual central expenditure	76,388		76,388
Less: Actual ISB deployed to schools		143,379	143,379
Carry forward to 2026-27	18,727	(7,378)	11,349
Plus: Carry forward to 2026-267 (pre-agreed)			0
Total DSG Carried Forward to 2026-27			11,349
Opening DSG Unusable Reserve Balance			21,175
Addition to DSG Unusable Reserve at the end of 2025-26			11,349
Net DSG Position at the end of 2025-26			32,524

DSG Receivable for 2024-25	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for year before Academies recoupment			(290,485)
Academy figure recouped for year			103,054
Total DSG after academy recoupment			(187,431)
Plus: Brought forward from previous year			0
Less: Carry forward to following year (pre-agreed)			0
Initial budget distribution for year	(38,915)	(148,516)	(187,431)
In Year Adjustments	(197)	(115)	(312)
Final budget distribution for year	(39,112)	(148,631)	(187,743)
Less: Actual central expenditure	50,414		50,414
Less: Actual ISB deployed to schools		144,640	144,640
Carry forward to 2025-26	11,302	(3,991)	7,311
Plus: Carry forward to 2025-26 (pre-agreed)			0
Total DSG Carried Forward to 2025-26			7,311
Opening DSG Unusable Reserve Balance			13,864
Addition to DSG Unusable Reserve at the end of 2024-25			7,311
Net DSG Position at the end of 2024-25			21,175

Note 39 - Grant Income

Grants and contributions charged to Taxation and Non-Specific Grant income

31 March 2025		31 March 2026
£000		£000
(35,914)	Non-specific revenue grants	(39,344)
(2,282)	Capital grants and contributions - General Fund	(19,620)
3,055	Capital grants and contributions - Housing Revenue Account	(21,413)
(35,141)	Total	(80,377)

Grants and contributions charged to Net Cost of Services

31 March 2025		31 March 2026
£000		£000
(186,131)	Dedicated Schools Grant	(206,701)
(60,145)	Rent Allowance Subsidy	(45,885)
(33,611)	Social Care Grant	(40,231)
(22,114)	Section 106 Contributions	(37,287)
(44,833)	Rent Rebate Subsidy	(35,838)
(31,774)	Public Health Grant	(33,652)
(22,631)	Non-HRA Rent Rebate Subsidy	(25,130)
(16,985)	Local Authority Better Care Grants	(20,954)
(9,672)	Better Care Fund contributions	(11,497)
(6,002)	Homelessness Prevention Grant	(9,394)
(6,384)	Pupil Premium Grant	(6,435)
(8,415)	Health Authority Contributions	(5,711)
(10,807)	Leaseholder Reimbursements	(5,685)
0	Extended Producer Responsibility Grant	(5,114)
(5,676)	Market Sustainability and Improvement Fund*	(5,676)
(2,770)	Schools Core Budget	(3,773)
(4,295)	Household Support Grant	(3,648)
0	Employer National Insurance Contributions funding	(3,309)
(3,402)	Mayor of London's Free School Meals	(3,302)
(2,180)	School's NNDR	(2,726)
(1,141)	Children and Families Grant	(1,997)
(1,913)	Adult Education Funding	(1,978)
(1,891)	Rough Sleeping Initiative	(1,970)
(1,898)	Universal Infant Free School Meals Grant	(1,805)
(2,446)	Disabled Facilities Grant	(1,748)
(1,971)	Asylum Seekers Grant	(1,663)
0	Childrens Social Care Prevention Grant	(1,640)
0	Schools Budget Support Grant	(1,510)
(1,278)	Housing Benefit Admin Subsidy	(1,335)
(1,314)	Sixth Form Funding	(1,219)
(1,204)	Ukraine Tariff Grant	(709)
(3,969)	Adult Social Care Discharge Fund	0
(1,993)	Teachers Pay Additional Award	0
(16,693)	Other Government Grants and Contributions under £1m	(12,423)
(3,277)	Non-Government Grants & Contributions under £1m	(3,673)
(518,815)	Total	(545,618)

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

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31 March 2025		31 March 2026
£000		£000
(1,050)	Section 106 Contributions	(258)
(1,848)	Section 278 Contributions	(2,201)
(1,135)	Afghan Refugee Grant	(1,814)
(2,921)	Other Grants	(3,920)
(6,954)	Total	(8,193)

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31 March 2025		31 March 2026
£000		£000
(829)	Section 106 Contributions	0
(829)	Total	0

Grants Receipts in Advance (Revenue Grants) - Long Term Liabilities

31 March 2025		31 March 2026
£000		£000
(1,317)	Section 278 Revenue Contributions	(1,317)
(1,317)	Total	(1,317)

Grants Receipts in Advance (Capital Grants) - Long Term Liabilities

31 March 2025		31 March 2026
£000		£000
(2,930)	Food Waste Collection Grant	(2,982)
(1,618)	Free Schools	0
(1,301)	Other	(1,007)
(5,849)	Total	(3,989)

Note 40 - Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a significant part of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills and Housing Benefits). Grant receipts outstanding at 31 March 2026 are shown in Note 39.

North East Surrey Crematorium Board (NESCB)

The Board currently is composed of 12 councillors from three London Borough councils: Merton, Sutton, and Wandsworth. Councillors A. Critchard, R. Birchall, F Ayres , T. Belton and A. Graham were appointed by the Council. Councillor S. Apps stepped down in 2025. Mr M. Davies (Financial Controller) is Treasurer to the Board. Mr P. Guillioti (Director of Financial Services) is Auditor to the Board.

The Board had regular transactions with the Council, and interim payments were made to the Council to reimburse costs incurred on the Board's behalf. At 31 March 2026 the Council had a £1.1m 7-day notice loan outstanding from the Board.

Western Riverside Waste Authority (WRWA)

The Authority Board is composed of 8 members from 4 London Boroughs: Hammersmith and Fulham, Kensington and Chelsea, Lambeth, and Wandsworth. Councillors J. Gasser and P. White were appointed by the Council to the Board in 2025. Councillor L. Cooper was no longer an Authority member of the Board post May 2025. Mrs A. Attoe (Chief Accountant) was Deputy Treasurer (and Acting Treasurer) to the Authority during 2025/26. Mr P. Guillioti was Head of Audit to the Authority.

During the year there were; gross refuse disposal charges of £14.1m, levy payments of £1.4m; and £1m of investment income, paid to WRWA. WRWA paid Wandsworth £0.1m in administration charges in 2025/26.

Enable Leisure and Culture

Enable provide leisure services for the Council. Councillors G. Humphries and S. Apps are trustees. During the year, the Council received £7m for services from Enable for expanded services in 2025/26. The Council paid £2.4m for services provided by Enable.

St George's University Hospital NHS Foundation Trust

St George's Hospital is located within the borough, in Tooting. Councillor S. Worrall is the Council representative on the St George's NHS Trust board. £2.1m was paid to St George's University Hospital NHS Foundation Trust for service provision and £3.7m of income was received in 2025/26.

Achieving for Children (AfC)

Achieving for Children delivers social care, education and health services to children and young people in RB Kingston, RB Windsor and Maidenhead and LB Richmond. Mr J. DeSouza (Executive Director of Adult Social Care and Public Health) is a Non-Executive Director on the AfC Board. The Council received £0.3m for service provision and grant recoupment. £0.1m was paid to AfC for special educational needs grants.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances and expenses paid in the year is shown in Note 35. During the year, works and services to the net value of £1.5m (£0.9m in 2024/25) were

commissioned from companies, voluntary and similar organisations in which Members declared an interest. Contracts were entered in full compliance with the Council's standing orders. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the register of members interest which is open to public inspection at the town hall during office hours.

Note 41 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

31 March 2025		31 March 2026
£000		£000
142,850	Opening Capital Financing Requirement	172,960
	Capital Investment:	
140,102	- Property Plant and Equipment	151,504
16,608	- Infrastructure Assets	27,397
42	- Investment Property	0
25,841	- Revenue expenditure funded from capital under statute	22,732
18,678	- Capital Loans and investments	34
201,271	Total Capital Spending	201,667
	Sources of Finance:	
(23,625)	- Capital receipts	(12,490)
(47,737)	- Government Grants and other contributions	(70,898)
(41,275)	- Major repairs reserve	(25,000)
	Sums set aside from revenue:	
(11,022)	- Direct revenue contributions	(30,556)
(42,084)	- Borrowing or liabilities met from the HRA	(10,502)
(5,418)	- Minimum revenue provision	(10,004)
(171,161)	Total Sources of Finance	(159,450)
172,960	Closing Capital Financing Requirement	215,177

Explanation of movements in year

31 March 2025		31 March 2026
£000		£000
18,987	Increase in underlying need to borrow	39,546
16,541	Assets acquired under finance leases	12,675
(5,418)	Other movements	(10,004)
30,110	Increase/(decrease) in Capital Financing Requirement	42,217

Note 42 - Leases

Authority as Lessee - Operating Leases

The Council's lease contracts comprise lease of operational land and buildings only. As required by IFRS 16, any material leases are included on the Council's balance sheet as a Right of Use asset, with a corresponding liability. These assets and liabilities are outlined in the tables below. Any leases below the materiality threshold are disclosed within the Transactions under Leases table below. Leases with an end date of up to one year are considered short-term and have been excluded as per the Code.

Right of Use Assets

This table shows the change in values of Right of Use Assets held under leases by the Council.

	£000	£000
	Land and Buildings	Total
Balance at 1 April 2025	12,192	12,192
Additions	12,675	12,675
Depreciation	(8,306)	(8,306)
Balance at 31 March 2026	16,561	16,561
	£000	£000
	Land and Buildings	Total
Balance at 1 April 2024	16,541	16,541
Depreciation	(4,349)	(4,349)
Balance at 31 March 2025	12,192	12,192

Maturity Analysis of Lease Liabilities

This table shows the outstanding obligations under lease agreements as at 31 March 2026. The lease liabilities are due to be settled over the following time bands:

31 March 2025		31 March 2026
£000		£000
(5,239)	Less than one year	(3,124)
(5,552)	One to five years	(11,155)
(796)	More than five years	(671)
(11,587)		(14,950)

Transactions Under Leases

The Council incurred the following expenses and cash flows in relation to leases in 2025/26.

31 March 2025		31 March 2026
£000		£000
4,953	Repayment of Principal	9,314
956	Interest expense on lease liabilities	1,400
	Expense relating to short term leases	
772	- Short term property leases	2,847
6,681		13,561

Cashflow – Minimum Lease Payments

Minimum Lease payments for 2025/26 are shown in the below table:

31 March 2025		31 March 2026
£000		£000
167	- Property Leases	143
13,011	- Short term property leases	13,228
13,178		13,371

Authority as Lessor - Operating Leases

Council assets generate rent from operating leases, for which £7.4m was received in 2025/26 (£8.3m in 2024/25). These assets are mostly investment properties valued at £71.6m (£75m in 2024/25) and are not subject to depreciation.

The minimum lease payments due to the Council in future years are set out below:

31 March 2025		31 March 2026
£000		£000
7,043	Not later than one year	7,146
22,610	Later than one year and not later than five years	24,731
61,891	Later than five years	81,348
91,544	Total	113,225

Note 43 - Pension Schemes Accounted for as Defined Contribution Schemes

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

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement and the Council contribute toward the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme has in excess of 10,000 participating employees and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes, it is therefore accounted for on the same basis as a defined contribution scheme. In 2025/26 the Council paid £13m (£12.8m in 2024/25) to Teachers' Pensions in respect of teachers' retirement benefits.

Some statutorily transferred staff are members of the NHS Pension Scheme. The scheme is unfunded and is administered by NHS Pensions, part of the NHS Business Services Authority which is an arm's length body of Department of Health and Social Care (DHSC). The pension cost charged to the Council is the contribution rate set by NHS Pensions on the basis of a notional fund and is therefore accounted for as a defined contribution scheme.

In 2025/26, the Council paid £0.02m (£0.02m in 2024/25) to NHS Pensions in respect of members retirement benefits.

Note 44 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by Wandsworth Council Pensions Committee.

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

The Council recognises a charge to Council Tax based on the cash payable in the year, and the real cost of post-employment/retirement benefits calculated under IAS 19 is reversed out of the General Fund via the MiRS. The following transactions have been made in the CIES and the General Fund Balance via the MiRS during the year.

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 plan assets built up to meet these pension liabilities.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In September 2025, Government published draft amendments to the Pensions Scheme Bill which proposed to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The Pensions Scheme Bill 2026 received Royal Assent on 29 April 2026 and included provision for retrospective changes. The LGPS Scheme Advisory Board has requested from Government clarity on the impact of the Virgin Media case, however it is still not expected the ruling will give rise to any additional liabilities.

In 2023/24, 2024/25 and 2025/26, the Council has adopted an asset ceiling in reporting its net liability. Accounting standards only allow an asset to be recognised to the extent that the employer can gain economic benefits from the surplus. Economic benefit can be gained in two ways – either via a refund, or via a reduction in future contributions. The limit to the net asset is known as the asset ceiling. Under IFRIC 14, Scheduled Bodies like the Council cannot use the option of getting a refund due to participation in the LGPS and the fact that the refund must be unconditional. The asset ceiling adjustment is calculated by the Council's actuaries, and the in year movement is shown in the Reconciliation of Change in Impact of Asset Ceiling table below.

The triennial valuation on 31 March 2022 covers the three years up to the 31 March 2026. This valuation sets the Council's contribution rate to 16% of pay, including community schools from 1 April 2023 (previously 19.1% under the 2019 valuation). The latest triennial valuation on 31 March 2025 will set the contribution rate from 1 April 2026.

2024-25 Council £000	2024-25 LPFA £000	2024-25 Total £000	General Fund Transactions	2025-26 Council £000	2025-26 LPFA £000	2025-26 Total £000
Comprehensive Income and Expenditure Statement						
Cost of Services						
Service cost comprising:						
26,325	105	26,430	Current service cost	19,987	84	20,071
606	6	612	Past service cost	500	0	500
0	0	0	(Gain) / loss from settlements and / or transfers	116	0	116
1,172	17	1,189	Administration expenses	1,358	50	1,408
(1,167)	(8)	(1,175)	Net interest expense / income	(3,009)	(5)	(3,014)
26,936	120	27,056	Total charged to Surplus and Deficit on Provision of Services	18,952	129	19,081
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement						
£000	£000	£000		£000	£000	£000
Re-measurement of the net defined benefit liability comprising:						
33,599	936	34,535	Return on plan assets (excluding the amount included in the net interest expense)	(1,885)	769	(1,116)
(3,191)	(115)	(3,306)	Actuarial gains and losses - experience	79,365	2,601	81,966
(3,473)	(104)	(3,577)	Actuarial gains and losses arising on changes in demographic assumptions	14,965	535	15,500
(171,874)	(3,181)	(175,055)	Actuarial gains and losses arising on changes in financial assumptions	(72,889)	(984)	(73,873)
0	0	0	Other movements in the liability/(asset)	(1,398)	1,040	(358)
147,491	2,480	149,971	Change in effect of Asset Ceiling	(4,734)	(4,170)	(8,904)
2,552	16	2,568	Total charged to Other Comprehensive Income and Expenditure Statement	13,424	(209)	13,215
29,488	136	29,624	Total charged to the Comprehensive Income and Expenditure Statement	32,376	(80)	32,296

2024-25	2024-25	2024-25		2025-26	2025-26	2025-26
Council	LPFA	Total	Movement in Reserves Statement	Council	LPFA	Total
£000	£000	£000		£000	£000	£000
(26,936)	(120)	(27,056)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(18,952)	(129)	(19,081)
30,424	59	30,483	Actual amount charged against the general fund balance for pensions in the year: Employers' contributions payable to scheme	32,559	44	32,603

2024-25	2024-25	2024-25		2025-26	2025-26	2025-26
Council	LPFA	Total	Pensions Assets and Liabilities Recognised in the Balance Sheet	Council	LPFA	Total
£000	£000	£000		£000	£000	£000
(1,197,806)	(37,995)	(1,235,801)	Present value of the defined obligation	(1,252,124)	(39,076)	(1,291,200)
1,945,068	53,832	1,998,900	Fair value of plan assets	2,039,335	51,757	2,091,092
(753,720)	(15,745)	(769,465)	Impact of Asset Ceiling	(793,486)	(12,465)	(805,951)
(6,458)	92	(6,366)	Net (liability) / asset arising from the defined benefit obligation	(6,275)	216	(6,059)

2024-25	2024-25	2024-25		2025-26	2025-26	2025-26
Council	LPFA	Total	Movement in the Value of Scheme Assets	Council	LPFA	Total
£000	£000	£000		£000	£000	£000
1,908,924	55,599	1,964,523	Opening Balance	1,945,068	53,832	1,998,900
94,396	2,614	97,010	Interest income	114,070	2,953	117,023
			Re-measurement gain / (loss):			
(33,599)	(936)	(34,535)	The return on plan assets, excluding the amount included in the net interest expense	1,885	(769)	1,116
0	0	0	Other gains / (losses)	1,398	(1,040)	358
30,424	59	30,483	Contributions from employer	32,559	44	32,603
11,660	34	11,694	Contributions from employees into the scheme	12,132	26	12,158
(65,565)	(3,521)	(69,086)	Benefits / transfers paid	(65,284)	(3,239)	(68,523)
(1,172)	(17)	(1,189)	Administration expenses	(1,358)	(50)	(1,408)
0	0	0	Assets Extinguished on Settlement	(1,135)	0	(1,135)
1,945,068	53,832	1,998,900	Closing value of scheme assets	2,039,335	51,757	2,091,092

2024-25		2024-25		2024-25		2025-26		2025-26		2025-26	
Council	LPFA	Total	Movements in the Fair Value of Scheme Liabilities			Council	LPFA	Total	Council	LPFA	Total
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
(1,338,847)	(42,779)	(1,381,626)				(1,197,806)	(37,995)	(1,235,801)			
(26,325)	(105)	(26,430)				(19,987)	(84)	(20,071)			
(64,471)	(1,992)	(66,463)				(66,561)	(2,058)	(68,619)			
(11,660)	(34)	(11,694)				(12,132)	(26)	(12,158)			
3,191	115	3,306				(79,365)	(2,601)	(81,966)			
3,473	104	3,577				(14,965)	(535)	(15,500)			
171,874	3,181	175,055				72,889	984	73,873			
(606)	(6)	(612)				(500)	0	(500)			
65,565	3,521	69,086				65,284	3,239	68,523			
0	0	0				1,019	0	1,019			
(1,197,806)	(37,995)	(1,235,801)				(1,252,124)	(39,076)	(1,291,200)			

Council	LPFA	Total	Reconciliation of Change in Impact of Asset Ceiling			Council	LPFA	Total
£000	£000	£000	£000	£000	£000	£000	£000	
577,471	12,651	590,122			753,720	15,745	769,465	
28,758	614	29,372			44,500	890	45,390	
147,491	2,480	149,971			(4,734)	(4,170)	(8,904)	
753,720	15,745	769,465			793,486	12,465	805,951	

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charges made 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 HRA via the MiRS. The transactions in the preceding table have been made in the CIES and the General Fund Balance via the MiRS during the year. The table above shows the amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans.

2024-25 Council		Asset Allocation		2025-26 Council	
£000	%	£000	%	£000	%
74,997	3.86%	Cash and cash equivalents		82,615	4.05%
1,114,931	57.32%	Equities		1,235,593	60.59%
290,067	14.91%	Corporate Bonds		278,844	13.67%
264,368	13.59%	Property		237,423	11.64%
200,705	10.32%	Multi-Asset Funds		204,860	10.05%
1,945,068	100.00%	Scheme assets		2,039,335	100.00%

2024-25		2025-26		
LPFA		Asset Allocation	LPFA	
£000	%		£000	%
1,259	2.34%	Cash and cash equivalents	1,746	3.37%
31,751	58.98%	Equities	27,688	53.50%
4,906	9.11%	Property	5,336	10.31%
6,140	11.41%	Infrastructure	6,081	11.75%
9,776	18.16%	Target Return Portfolio	10,906	21.07%
53,832	100.00%	Scheme assets	51,757	100.00%

Basis of Estimating Assets and Liabilities

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

The Council scheme and the LPFA scheme have been assessed by Barnett Waddingham, an independent firm of actuaries, based upon the latest triennial valuation, as at 31 March 2025.

Data reports received from the actuary for 2025/26 are based on actuals to 31 March 2026.

Estimates for Statements of the Council Fund are being based on the latest full valuation of the scheme as at 31 March 2025. The significant assumptions used by the Actuary have been:

	Council		SSA		LPFA	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Longevity at 65 for current pensioners						
- Men	20.7	22.8	20.7	22.8	20.3	21.5
- Women	23.3	25.0	23.3	25.0	23.4	24.2
Longevity at 65 for future pensioners						
- Men	22.0	24.3	22.0	24.3	22.3	22.6
- Women	24.7	26.7	24.7	26.7	25.2	26.4
Rate of inflation (RPI)	3.20%	3.25%	3.10%	3.25%	3.35%	3.35%
Rate of inflation (CPI)	2.90%	2.90%	2.85%	2.95%	2.95%	2.85%
Rate of increase in salaries	3.90%	3.90%	3.85%	3.95%	3.95%	3.85%
Rate of increase in pensions	2.90%	2.90%	2.85%	2.95%	2.95%	2.85%
Rate for discounting scheme liabilities	5.75%	6.25%	5.85%	6.30%	5.62%	5.85%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only the assumption analysed changes, while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Council			LPFA		
	£000	£000	£000	£000	£000	£000
Adjustment to discount rate	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present Value of Total Obligation	1,235,965	1,252,124	1,268,653	38,739	39,076	39,419
Projected Service Cost	17,809	18,478	19,169	79	80	82
Adjustment to long term salary increase	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present Value of Total Obligation	1,252,772	1,252,124	1,251,478	39,081	39,076	39,071
Projected Service Cost	18,478	18,478	18,478	80	80	80
Adjustment to pension increases & deferred revaluation	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present Value of Total Obligation	1,269,036	1,252,124	1,239,172	39,434	39,076	38,792
Projected Service Cost	19,222	18,478	17,758	82	80	79
Adjustment to mortality age rating assumption	+ 1 Year	None	-1 Year	+ 1 Year	None	-1 Year
Present Value of Total Obligation	1,296,628	1,252,124	1,209,446	41,372	39,076	36,918
Projected Service Cost	19,094	18,478	17,874	83	80	78

The Accounts include an Enhanced Pension Fund reserve designated to cover the teachers' pension liabilities which fall outside the statutory pension schemes for Council employees.

Impact on the Council's cash flows.

The liabilities above show the underlying commitment that the Council has as an employer to pay retirement benefits as they fall due valued on an IAS 19 basis. The total liability of £6.1m has a substantial impact on the net worth of the Council as recorded on the Balance Sheet. An IAS 19 valuation uses more prudent assumptions than those used in the triennial valuation which sets the cash contributions required over the subsequent 3 years. These statutory funding and valuation arrangements mean that the Council's position as an employer in the Fund remains healthy.

The objectives of the Wandsworth Pension Fund are to keep employer's contributions at as constant a rate as possible while prudently managing any surplus or deficit.

The Council is the Administering Authority for the Wandsworth Fund and so would become liable to fund any shortfall in pension benefits should the situation arise. The whole Fund's position, on both an IAS 19 (PF Note 28) and Triennial valuation basis (PF Note 27), is reported in the Pension Fund Accounts.

Note 45 - Contingent Liabilities

Contingent liabilities relate to possible expenditure arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise or cannot be reliably estimated as the possible liability is dependent on the outcome of something happening in the future. A review is undertaken annually to identify any potential liabilities.

At 31 March 2026, the Council had some outstanding legal and insurance cases which could give rise to a liability in the future. If the cases do give rise to a liability these costs will be met from the insurance provision (based on total value of all outstanding cases) or from in year budgets, however the Council are not expecting any material cases.

Note 46 - Contingent Assets

Contingent assets relate to possible income arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise or cannot be reliably estimated. The right to the potential asset is dependent on something happening in the future. A review is undertaken annually to identify potential contingent assets.

There were no contingent assets outstanding as at 31 March 2026.

Note 47 - Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates, fair value, 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 Accountancy Team within the Financial Management Division, under policies approved by the Council in the annual Treasury Management Strategy.

Credit Risk

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

For investments, the Council's investment objectives are to achieve security and liquidity of investments and obtain the optimum return commensurate with the prior objectives. Overall levels of investment are governed by cash flow, and cash flow projections are used to determine the duration of investments made to ensure sufficient liquidity.

Fixed Term Deposits

This risk is minimised through the Council's Treasury Management Policy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Policy also imposes a maximum sum to be invested with a financial institution located within each category. During the year treasury management was regularly reviewed at the monthly treasury management team meeting. The 2025/26 policy (published February 2025) was as follows:

- a) up to £50m with UK on non-UK institutions with a Fitch credit rating of at least F1+ short-term, AA- long-term, and a short-term watch that is not negative, (or equivalent under Moody's or Standard and Poor's), and where generally no more than £30m is placed for periods longer than 6 months;
- b) up to £100m with other UK local authorities or precepting authorities;

- c) up to £20m for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, AA- long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- d) up to £20m with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);
- e) up to £10m for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- f) up to £10m with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);
- g) up to £5m for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A+ long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);
- h) up to £10m with UK or non-UK institutions for a maximum of 3 months where 2 out of 3 credit rating agencies have a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's); and,
- i) up to £50m with banks owned 20% or more by the UK Government (e.g. NatWest Group). Included in this limit is any balance held in notice funds held with these institutions.

In addition to the above criteria, investments with banks shall not exceed the following percentage parameters:

- j) No more than 40% of total investments shall be held in banks as fixed term deposits (this excludes those banks owned 20% or more by the UK Government).
- k) No more than 30% of total investments shall be held in overseas banks as fixed term deposits.
- l) No more than 10% of total investments shall be held in one overseas sovereign country in relation to fixed term deposits.

The above investment criteria shall be regarded as maximum levels and due regard shall be given to market conditions. Restrictions on the above limits may be placed from time to time on a temporary basis by the Executive Director of Finance or, in their absence, the Director of Financial Management. Any such temporary restrictions applied shall be reported to the next available meeting of the Finance Committee, the Executive and the Council.

Money Market Funds and Short Dated Income Funds

- a) Investments may also be placed directly in commercial sterling money market funds (MMFs) with AAA ratings or short dated income funds with AA ratings. These Funds may be either short-dated funds with daily liquidity or slightly longer dated funds with a short notice period. Where MMFs are used this is to be determined at the monthly Treasury Management meeting daily operation of the funds is managed by the Treasury Management Team within the Financial Management Division. The maximum overall limit for the use of MMFs and short dated funds shall be 50% of total investments.

- b) The maximum limit for each counterparty with AAA rating shall be £50m.
- c) The Federated +1-day MMF may exceed £50m to allow for capital appreciation which may take an initial investment over that value. However, principal investment (including net investments and divestments) must remain under £50m. This capital value will be formally reviewed at the monthly Treasury Management Meeting with the Executive Director of Finance.
- d) Each MMF shall have a minimum AAA credit rating from one of the 3 main credit rating agencies and, if the fund has more than 1 rating, each rating shall be AAA.
- e) Each short-dated income fund shall have as a minimum AA credit rating from one of the three main credit rating agencies.
- f) The maximum investment placed in any fund shall not exceed £50m in total assets under management in the fund.
- g) For an AA rated short-dated income fund, the maximum investment in any fund shall not exceed £5m, or 7.5% of assets under management, whichever is the lower.
- h) Short-dated income funds held at a bank which is 20% or more owned by the UK Government (e.g. NatWest Group) are exempt from the MMF criteria f) to h) but are subject to the restrictions detailed in Fixed Term Deposits criteria i) above.

Longer Term Investments

All long term investments for periods longer than 364 days must be approved by the Executive Director of Finance.

Investments shall be for no longer than three years, unless specifically identified as one of the exceptions below. The amount that can prudently be invested for longer than 364 days (with banks or local authorities), but for no longer than three years, must relate to forecasts of investments considering foreseeable net spending needs and allowing for adequate reserves and contingencies. A prudent limit for the maximum amount to be invested for longer than 364 days but for no longer than three years is £100m. Investments over 364 days shall not exceed £50m with any individual counterparty. Non specified investments of this type must also have 50% of the aggregate total maturing within two years.

Investments may be made from the Pensions Resilience Reserve and other cash balances up to an aggregate limit of £150m for around five years, subject to meeting the criteria that investments do not count as capital expenditure. The following classes of assets may be utilised – Individual Corporate Bonds (grade BBB and above), Fixed Income Funds, Equity Funds and Mixed Asset Funds (including Multi Asset Credit). In addition, investments may be made in products akin to those currently used by the Pension Fund. Where practicable, suitable hedging arrangements will be made on all such investments; however, it is recognised that hedging (outside a fund) against downside risk will often be cost prohibitive therefore risk management will focus on diversification. The total amount invested with any one manager shall not exceed £35m unless capital appreciation takes an initial investment over that value. Any new investment should not make the cumulative investments higher than 25% of total investments or 25% of the lowest cash flow projection over 3 years (inclusive of the year of investment) when placed.

Property Funds

Up to £50m may be placed in a Property Fund that is set up under a scheme approved by HM Treasury so that it does not count as capital expenditure. Total investments in a Property Fund should not be greater than 5% of total investments, or greater than 10% of the lowest cash flow projection over 3 years (inclusive of the year of investment), when placed.

Covered Bonds

Up to £50m may be placed in a Covered Bond with a maturity period of no longer than 3 years and a credit rating of AAA from at least one of the three credit rating agencies. If the bond issuer is one of the institutions on the Council's investment list this investment will not count against the limit for that counterparty.

Joint Venture Loans

Loans may be made by any Joint Venture arrangement, development partner or vehicle set up for the purpose of regenerating the Council's housing estates. This may be in either cash or backed by property assets. Any such investment shall not exceed £50m per investment/loan type and £125m in total.

Loans to Staff Mutuals, other service providers and Voluntary organisations

Loans of up to £5m may be made at market rates of interest with terms determined by the Executive Director of Finance.

Business Improvement Districts (BIDS)

Loans may be made to Wandsworth based BIDS for start-up loans at up to market rates of interest to an overall maximum limit of £1m.

HRA loans

The investment of amounts set aside from HRA reserves for repayment of long-term PWLB loans which may be invested for longer periods, if the maturity date is no later than the maturity date of the long-term PWLB loan.

Other Counterparty Debtors

Counterparties are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The Council has no material long-term debtors. The Council manages the risk of non-payment through the use of specific provisions against categories of debtors.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as it is needed. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Interest Rate Risk

Interest rates in 2025/26 have decreased and the Council has a number of strategies for managing interest rate risk within these economic circumstances.

In 2025/26, the Council has no external borrowing for the General Fund or HRA, therefore, there has been no effect from interest rates on borrowing.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments especially on Multi Asset and Property Funds which can become volatile in a high-interest rate environment. The Accountancy Team has an active strategy for assessing interest rate exposure that is used to update budget monitoring during the year and to consider any adverse changes.

Note 48 – Group Relationships

Shared Services

The Better Service Partnership with LB Richmond

As detailed in the Narrative Report, LB Richmond and Wandsworth Council formed Better Service Partnership from 1 October 2016. Where Wandsworth Council has entered into specific relationships with Wandsworth Council and its existing partners, these are detailed below.

South London Legal Partnership (SLLP)

First formed in 2011, the South London Legal Partnership is now London's first five-borough shared legal service. Working on behalf of the London Boroughs of Merton, Richmond, Kingston, Sutton and Wandsworth, the service is hosted by LB Merton but governed by a joint board which oversees the delivery of services. Wandsworth is directly charged via an hourly rate for the service.

The aim of the service is to provide more resilient and higher quality legal services than those provided by each authority individually, assuming that future savings will need to be made to the budgets of all local authorities. The service is ISO 9001:2015 accredited and provides the full remit of local authority legal services to the Directorates of all councils as well as advice to Councillors, the committees of the councils and to schools in accordance with service level agreements. The Council paid £5.8m in 2025/26 (£5.1m in 2024/25 - restated) to LB Merton for this service.

Internal Audit and Fraud

Internal Audit is delivered by the South West London Audit Partnership (SWLAP) which is a five borough shared audit service covering the London Boroughs of Merton, Richmond, Sutton, Kingston, and Wandsworth – with Richmond and Wandsworth Better Service Partnership being the host. The audit service is largely provided by the in-house audit team however specialist audit services are procured through the Croydon Apex framework contract which is currently provided by Forvis Mazars and the Barnet led CCAS framework contract which includes Forvis Mazars, KPMG and PricewaterhouseCoopers (PWC).

Fraud work is undertaken by the South West London Fraud Partnership (SWLFP) which is a shared service covering the same five boroughs and again led by the Wandsworth Better Service Partnership. Both the shared audit and fraud services are overseen by the Shared Service Board which includes the Section 151 Officers from each of the constituent Councils or their delegated representatives. The partnering boroughs are charged based on time spent and an agreed audit day rate. The Council's net spend was £0.5m on Internal Audit and Fraud in 2025/26 (same as 2024/25).

Pension Shared Service

The Pension Shared Service is a five-borough service that administers the Local Government Pension Scheme (LGPS) for the London Boroughs of Camden, Merton, Richmond, Waltham Forest and Wandsworth, with Wandsworth Council as the host. The Council incurred expenditure of £3m and recovered £1.5m from other local authorities in 2025/26 in relation to this service (£2.7m expenditure and £1.4m recovered in 2024/25).

Regulatory Service Partnership

The Regulatory Services Partnership (RSP) previously the Consumer Protection Service is a shared service hosted by LB Merton providing essential public protection and environmental health services for LB Merton, LB Richmond, and Wandsworth. The RSP aims to deliver a range of statutory regulatory functions, including Air Quality Management, Food Safety, Licensing, Noise and Nuisance Control, Private Sector Housing and Trading Standards.

All partnership costs associated with delivery of the services outlined are shared appropriately between the three councils in line with an assessment of the cost attributable for each member Council.

The net expenditure associated with these services was £6.4m in 2025/26 (£4.6m in 2024/25 – adjusted for expanded service).

Other

The Council has a wholly owned Local Authority Trading Company (Wandsworth BC Trading Limited) with the Council as the sole shareholder. The Council's view is this does not form part of Group Accounts for the year 2025/26.

The Council has a joint venture, WYR. The principal activity of WYR LLP centres around the regeneration of the York Road estate. The Council owns 99% of the LLP with the remaining 1% being owned by Winstanley York Road Ltd, a company wholly owned by the Council. The WYR LLP is treated as a subsidiary in the Group Accounts (and consolidated as such), as the Council has substantial control over the entity.

There are no other material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities.

[Note 49 – Restatements to 2024/25 Accounts](#)

Opening balance adjustments have been made to 2024/25 comparator figures in the Revaluation Reserve and the Capital Adjustment Account (and associated notes where applicable), following a change relating to the accounting for Property, Plant and Equipment. This has resulted in a net increase of £133.2m to unusable reserve balances at 1 April 2024.

The Council identified inconsistent approaches in the accounting for two asset revaluations in 2024/25. Revaluation gains should have been posted to the Revaluation Reserve but were instead posted to the Capital Adjustment Account. Additionally, there was an understatement of the balance cleared from the Revaluation Reserve to the Capital Adjustment Account related to an asset disposal. As a result, adjustments totalling £0.1m have been made to prior year balances on these reserves in this year's accounts, with corresponding changes to the Childrens' Service and Housing Revenue Account in the CIES.

The adjustments recorded in 2024/25 unusable reserves in this year's accounts are as follows:

	01 April 2024		01 April 2024			31 March 2025
	Original	Opening balance adjustments	Revised	Original reported movements in 2024/25	Changes to movements in 2024/25	Revised
	£000		£000	£000	£000	£000
Unusable Reserves - Revaluation Reserve	(1,097,596)	(54,833)	(1,152,429)	37,526	(121)	(1,115,024)
Unusable Reserves - Capital Adjustment Account	(1,847,583)	(78,357)	(1,925,940)	(6,177)	121	(1,931,996)
Net changes	(2,945,179)	(133,190)	(3,078,369)	31,349	0	(3,047,020)

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This 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, Business Rates (National Non-Domestic Rates or NNDR) and the Business Rates Supplement (BRS).

31 March 2025				31 March 2026				
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Business Rates	Business Rates Supplement	Council Tax	Total
£000	£000	£000	£000		£000	£000	£000	£000
INCOME:								
		(143,871)	(143,871)	Council Tax Receivable			(150,561)	(150,561)
(148,705)			(148,705)	Business Rates Receivable	(147,026)			(147,026)
(2,423)		0	(2,423)	Transitional Protection Payments Receivable	546		1	547
	(3,964)		(3,964)	Business Rates Supplements receivable		(3,489)		(3,489)
		(26)	(26)	Transfer from General Fund re Covid Hardship			(19)	(19)
(151,128)	(3,964)	(143,897)	(298,989)	Total amounts to be credited	(146,480)	(3,489)	(150,579)	(300,548)
EXPENDITURE:								
Apportionment of Previous Year Surplus/Deficit:								
(6,455)			(6,455)	Central Government	437			437
(5,868)		2,017	(3,851)	Wandsworth Borough Council	398		84	482
(7,237)		1,825	(5,412)	Greater London Authority	490		79	569
Precepts, demands and shares:								
36,303			36,303	Central Government	39,421			39,421
33,003		71,378	104,381	Wandsworth Borough Council	35,837		74,387	110,224
40,703		67,652	108,355	Greater London Authority	44,199		71,896	116,095
Business Rate Supplement:								
	3,714		3,714	Payment to levying authority's Business Rate Supplement Revenue Account		3,393		3,393
	8		8	Administrative Costs		8		8

Charges to Collection Fund:

(1,646)		763	(883)	Write-offs of uncollectable amounts	1,320		358	1,678
(386)	242	1,451	1,307	Increase/(decrease) in allowance for impairment	298	88	1,856	2,242
(7,256)			(7,256)	Increase/(decrease) in allowance for appeals	(8,215)			(8,215)
427			427	Charge to General Fund for allowable collection costs for non-domestic rates	437			437
				Transfers to General Fund:				
40,505			40,505	Designated Area Payments	29,426			29,426
122,093	3,964	145,086	271,143	Total amounts to be debited	144,048	3,489	148,660	296,197
(29,035)	0	1,189	(27,846)	(Surplus)/Deficit arising during the year	(2,432)	0	(1,919)	(4,351)
15,128	0	(3,210)	11,918	(Surplus)/Deficit b/f at 1 April	(13,907)	0	(2,021)	(15,928)
(13,907)	0	(2,021)	(15,928)	(Surplus)/Deficit c/f at 31 March	(16,339)	0	(3,940)	(20,279)

Notes to the Collection Fund

The following table shows the calculation of the Council Tax Base

2025-26

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	
	£	No		No	
A	Up to and including - 40,000	3,918	6/9	2,612	
B	40,001 - 52,000	8,986	7/9	6,989	
C	52,001 - 68,000	29,666	8/9	26,370	
D	68,001 - 88,000	30,151	9/9	30,151	
E	88,001 - 120,000	23,576	11/9	28,815	
F	120,001 - 160,000	18,397	13/9	26,574	
G	160,001 - 320,000	14,166	15/9	23,609	
H	More than - 320,001	2,939	18/9	5,878	
				Adjustment	(4,529)
				Plus Ministry of Defence Properties	144
				Council Tax base	146,613

2024-25

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	
	£	No		No	
A	Up to and including - 40,000	3,974	6/9	2,649	
B	40,001 - 52,000	8,899	7/9	6,922	
C	52,001 - 68,000	29,598	8/9	26,309	
D	68,001 - 88,000	29,833	9/9	29,833	
E	88,001 - 120,000	22,954	11/9	28,055	
F	120,001 - 160,000	17,570	13/9	25,379	
G	160,001 - 320,000	13,793	15/9	22,988	
H	More than - 320,001	2,834	18/9	5,669	
				Adjustment	(4,434)
				Plus Ministry of Defence Properties	144
				Council Tax base	143,514

The rateable value of non-domestic properties at 31 March 2026 was £372.0m (£368.9m for 31 March 2025).

The Business Rates multiplier for 2025/26 was 55.5p (up 0.9p from 2024/25) and the small business multiplier for 2025/26 was 49.9p (no change since 2020/21).

Housing Revenue Account

Housing Revenue Account Income and Expenditure Statement

Restated		2025-26
2024-25		£000
£000		£000
	Expenditure	
56,102	Repairs & Maintenance	52,926
79,850	Supervision & Management	85,233
861	Rents, Rates, Taxes and other charges	925
109,161	Depreciation, impairments and revaluation losses of non-current assets	119,096
9,358	Movement in the allowance for bad debts	4,354
255,332	Total Expenditure	262,534
	Income	
(132,037)	Dwelling rents	(137,154)
(3,978)	Non-dwelling rents	(3,974)
(36,224)	Charges for services and facilities	(38,715)
(10,840)	Other	(6,040)
(183,079)	Total Income	(185,883)
72,253	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	76,651
1,437	HRA share of other amounts included in the whole authority Net Expenditure of Continuing Operations but not allocated to specific services	1,437
73,690	Net Expenditure of HRA Services	78,088
(5,124)	(Gains)/loss on sale of HRA Fixed Assets	3,228
3,645	Interest Payable and Similar Charges	4,807
(12,899)	HRA Interest and Investment Income	(8,245)
(161)	Net interest on the defined benefit liability/asset	(325)
3,055	Capital Grants and Contributions	(21,413)
62,206	(Surplus) or Deficit for Year on HRA Services	56,140

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the actual amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase

or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

The statement incorporates £8.4m (£13.0m in 2024/25) of expenditure classified as Revenue funded by Capital under Statute mainly relating to capital expenditure on housing estates attributable to leasehold properties, fully funded by leaseholder contributions or government grant, and also grants made to existing Council tenants to assist them in purchasing properties in the private sector freeing the vacated property for other prospective Council tenants. Overall rent arrears in relation to existing and former tenants of Council dwellings (and including other accounts linked to HRA properties) are incorporated into the consolidated figures for the Council, and stood at £17.5m as at 31 March 2026 (£17.2m as at 31 March 2025), against which a cumulative provision for bad debts of £12.5m as at 31 March 2026 (£12.7m as at 31 March 2025) has been established.

Movement on the HRA Statement

Restated 2024-25 £000	Movement on the HRA Statement	2025-26 £000
(154,223)	Balance on the HRA at the end of the previous year	(128,272)
62,207	(Surplus) or Deficit on the HRA Income and Expenditure Statement	56,140
(38,297)	Adjustments between accounting basis and funding basis under statute	(66,558)
23,910	Net (increase) or decrease on the HRA	(10,418)
2,042	Transfers to / (from) Reserves	(2,229)
23,909	(Increase) / decrease on the HRA for the year	(10,418)
(128,272)	Balance on the HRA at the end of the current year	(140,919)
2024-25 £000	Adjustment between accounting basis	2025-26 £000
(79,411)	Transfers to/(from) the Capital Adjustment Account	(116,776)
5,236	Gain or (loss) on sale of non-current assets	(3,040)
101	Contributions to or (from) the Pension Reserve	1,195
(113)	Transfers to/(from) the Capital Receipts Reserve	(188)
(204)	Transfers to/(from) the Accumulated Absences Account	104
28,342	Transfers to/(from) Major Repairs Reserve	25,050
7,752	Transfers to/(from) Capital Grants Unapplied	27,097
(38,297)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(66,558)

Notes to the HRA Accounts

Note 1 - Analysis of Council Housing Stock

31 March 2025				31 March 2026		
Flats	Houses	Total	Property / Tenancy	Flats	Houses	Total
14,112	2,470	16,582	Social Rent	14,291	2,456	16,747
477	138	615	Affordable Rent	446	136	582
180	0	180	Shared Dwellings / Multi Occupied Rent	179	0	179
42	45	87	Equity Share	42	44	86
15,588	46	15,634	Long Lease Sold	15,601	47	15,648
30,399	2,699	33,098	Total	30,559	2,683	33,242

Note 2 – Housing Revenue Account Capital Funding

2024-25			2025-26	
£000			£000	
(50,447)	Borrowing		(38,516)	
(6,236)	Capital Receipts		(4,632)	
(41,275)	Major Repairs Reserve		(25,000)	
(7,752)	Government grants and other contributions		(27,098)	
(105,710)	Total funding		(95,246)	

Note 3 - Balance Sheet Value of HRA Assets

Restated			31 March 2026	
31 March 2025			£000	
£000			£000	
Operational Assets				
1,610,722	Dwellings		1,638,829	
94,587	Other Land and Buildings		97,759	
1,281	Infrastructure Assets		1,216	
282	Vehicles, Plant, Furniture & Equipment		895	
Non-Operational Assets				
173,603	Assets under Construction		89,088	
Investment Assets				
17,515	Investment Property		17,721	
1,897,990	Total		1,845,508	

The vacant possession value of dwellings within the HRA at 31 March 2026 was £6.6bn (£6.4bn at 31 March 2025). The Balance Sheet value is lower because nearly all the dwellings are occupied and because the rents for secure tenancies are below market value.

Revaluation

HRA operational assets were valued by the Council's valuer as at 31 March 2026. This annual valuation gave an overall unrealised decrease in value of £102m. This included £8m revaluation loss decreasing the Revaluation Reserve and £94m loss shown as a cost in the Income and Expenditure statement.

Note 4 – Depreciation of Non-Current Assets

2024-25		2025-26
£000		£000
(27,059)	Council Dwellings	(23,765)
(1,283)	Other Land & Buildings	(1,285)
(28,342)	Total	(25,050)

Note 5 – Transactions relating to retirement benefits

2024-25		2025-26
£000		£000
(186)	Current Service Cost	(1,076)
246	Past Service Costs	205
(161)	Net interest expense / income	(324)
(101)	Total charged to Comprehensive Income and Expenditure Statement	(1,195)

Note 6 – Total Capital Receipts generated during the year

2024-25		2025-26
£000		£000
(199)	Land	(20)
(7,700)	Council Houses	(8,626)
(1,155)	Other Property	(602)
(9,054)	Total	(9,248)

Consolidated Group Accounts

Introduction

This section of the Statement of Accounts details the group financial statements for the Council. These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the aim of the Group Accounts is to provide the reader with an overall view of the material economic activities that the Council controls.

The Council has to prepare group accounts where it has any interests in Subsidiaries, Associates and any Joint Controlled Ventures, subject to consideration of materiality and using uniform Accounting Policies. Each year assessments are made of the Council's relationship with its partners and where an external body is assessed as having a group relationship (in accounting terms), group accounts are prepared.

Winstanley and York Road Regeneration LLP

The Council owns 99% of Winstanley and York Road Regeneration LLP (WYR LLP). The principal activity of WYR LLP centres around the regeneration of the Winstanley and the York Road estates. The remaining 1% is owned by Winstanley York Road Ltd, a company wholly owned by the Council. WYR LLP is therefore treated as a subsidiary and consolidated in the 2025/26 Group Accounts as the Council has substantial control over the entity.

The Council properties are legally owned by the Council. The properties are accounted for within the Housing Revenue Account in the 2025/26 Accounts as they are being used to provide short term temporary accommodation. The Council has continues to recognise these properties within its assets as at 31 March 2026. The properties form part of the council dwellings balance and have been valued accordingly.

Group Comprehensive Income and Expenditure Statement

Restated				2025-26		
2024-25				2025-26		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
358,710	(258,348)	100,362	Children's	388,394	(275,416)	112,978
72,159	(12,000)	60,159	Environment	76,205	(30,314)	45,891
181,627	(147,789)	33,838	Finance	170,540	(130,973)	39,567
197,390	(138,880)	58,510	Health	215,720	(148,693)	67,027
70,625	(38,706)	31,919	Housing	79,688	(45,826)	33,862
328,804	(183,079)	145,725	Housing Revenue Account	264,193	(184,480)	79,713
54,539	(72,608)	(18,069)	Transport	55,747	(90,422)	(34,675)
1,263,854	(851,410)	412,444	Cost of Services	1,250,487	(906,124)	344,363
4,399	(5,369)	(970)	Other Operating Expenditure	29,233	0	29,233
101,265	(142,282)	(41,017)	Financing and Investment Income and Expenditure	121,491	(154,660)	(33,169)
0	(220,054)	(220,054)	Taxation and Non-Specific Grant Income	0	(264,958)	(264,958)
1,369,518	(1,219,115)	150,403	Surplus or Deficit on Provision of Services	1,401,211	(1,325,742)	75,469
		2,694	Share of the Surplus / Deficit of Joint Ventures			0
		153,097				75,469
		26,941	Surplus or deficit on revaluation of Property, Plant and Equipment			29,852
		2,568	Remeasurement of the net defined benefit liability / asset			13,215
		29,509	Other Comprehensive Income and Expenditure			43,067
		182,606	Total Comprehensive Income and Expenditure			118,536

Group Balance Sheet

Restated		
31 March 2025		31 March 2026
£000		£000
3,137,496	Property, Plant and Equipment	3,094,237
1,351	Heritage Assets	2,238
75,032	Investment Property	71,556
89	Intangible Assets	83
134,417	Long-Term Investments	181,287
17,910	Long-Term Debtors	5,140
3,366,295	Long Term Assets	3,354,541
336,874	Short-Term Investments	219,596
967	Assets Held for Sale	6,218
2,451	Inventories	2,637
147,064	Short-Term Debtors	162,132
84,881	Cash and Cash Equivalents	76,557
572,237	Current Assets	467,140
(850)	Short-Term Borrowing	(1,070)
(206,250)	Short-Term Creditors	(203,354)
(6,243)	Provisions	(4,012)
(6,954)	Grants Receipts in Advance - Revenue	(8,193)
(829)	Grants Receipts in Advance - Capital	0
(221,126)	Current Liabilities	(216,629)
(8,548)	Long-Term Creditors	(17,505)
(3,794)	Provisions	(4,082)
(6,366)	Other Long-Term Liabilities	(6,059)
(1,317)	Grants Receipts in Advance - Revenue	(1,317)
(5,849)	Grants Receipts in Advance - Capital	(3,989)
(25,874)	Long Term Liabilities	(32,952)
3,691,532	Net Assets	3,572,100
(700,886)	Usable Reserves	(673,404)
(3,017,331)	Unusable Reserves	(2,927,902)
26,685	Share of Joint Venture Reserves	29,206
(3,691,532)	Total Reserves	(3,572,100)

Fenella Merry, Executive Director of Finance, 30 June 2026

Group Movement in Reserves Statement

	WBC Usable Reserves	WBC Unusable Reserves	Authority's Share of Subsidiary & Joint Venture Reserves	Total Group Reserves
	£000	£000	£000	£000
Balance at 31 March 2025	(700,885)	(3,017,332)	26,686	(3,691,531)
Surplus or deficit on the provision of services	73,844	0	1,625	75,469
Other Comprehensive Income / Expenditure		43,067	896	43,963
Total Comprehensive Income and Expenditure	73,844	43,067	2,521	119,432
Adjustments between accounting basis and funding basis under regulations	(46,363)	46,363	0	0
Increase or Decrease in 2025-26	27,481	89,430	2,521	119,432
Balance at 31 March 2026	(673,404)	(2,927,902)	29,206	(3,572,100)

Restated	WBC Usable Reserves	WBC Unusable Reserves	Authorities Share of Joint Venture Reserves	Total Group Reserves
	£000	£000	£000	£000
Balance at 31 March 2024	(780,134)	(2,912,769)	9,275	(3,683,628)
Opening balance adjustments		(133,191)		(133,191)
Surplus or deficit on the provision of services	78,368	0	72,035	150,403
Other Comprehensive Income / Expenditure		29,509	(54,624)	(25,115)
Total Comprehensive Income and Expenditure	78,368	29,509	17,411	125,288
Adjustments between accounting basis and funding basis under regulations	881	(881)	0	0
Increase or Decrease in 2024-25	79,249	28,628	17,411	125,288
Balance at 31 March 2025	(700,885)	(3,017,332)	26,686	(3,691,531)

Group Cash Flow Statement

Restated		2025-26
2024-25		£000
£000		£000
153,096	Net (surplus) or deficit on the provision of services	75,469
(191,186)	Adjustment to surplus or deficit on the provision of services for noncash movements	(159,312)
23,560	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	62,722
(14,530)	Net cash flows from operating activities	(21,121)
29,688	Net cash flows from investing activities	14,911
4,378	Net cash flows from financing activities	14,534
19,536	Net (increase) or decrease in cash and cash equivalents	8,324
104,417	Cash and cash equivalents at the beginning of the reporting period	84,881
84,881	Cash and cash equivalents at the end of the reporting period	76,557

Independent Auditor's Report to the Members of Wandsworth Borough Council

To follow

Pension Fund Accounts

Wandsworth Fund Account

2024/25		Note	2025/26
£000			£000
	Dealing with Members, Employers and Others Directly Involved in the Fund		
(84,113)	Contributions receivable		(88,166)
(9,699)	Transfers In from Other Pension Funds	Note 8	(12,117)
(93,812)		Note 9	(100,283)
102,689	Benefits payable	Note 10	105,010
13,861	Payments to and on account of Leavers	Note 11	11,724
116,550			116,734
22,738	Net (Additions)/Withdrawals from Dealings with Members		16,451
14,202	Management Expenses	Note 12	15,289
36,940	Net (Additions)/Withdrawals including Fund Management Expenses		31,740
	Returns on Investments		
(62,732)	Investment income	Note 13	(68,406)
296	Taxes on income	Note 13	2,111
(51,093)	(Profit)/Loss on Disposal of Investments and Changes in the Value of Investments	Note 16	(135,954)
(113,529)	Net Returns on Investments		(202,249)
(76,589)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(170,509)
(3,081,467)	Opening Net Assets of the Fund		(3,158,056)
(3,158,056)	Closing Net Assets of the Fund		(3,328,565)

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Wandsworth Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.
- Designated bodies, where the employer has been designated by a scheduled body as being eligible for membership.

Membership details are set out below:

31 March 2025		31 March 2026
73	Number of Employers with Active Members	73
	Number of Employees in the Fund	
7,998	Councils (LBRuT & WBC)	7,901
3,297	Other Employers	3,231
11,295	Total	11,132
	Number of Pensioners (including dependants)	
10,541	Councils (LBRuT & WBC)	10,706
1,256	Other Employers	1,376
11,797	Total	12,082
	Number of Deferred Pensioners	
16,450	Councils (LBRuT & WBC)	16,489
3,979	Other Employers	4,252
20,429	Total	20,741
43,521	Total Number of Members in the Fund	43,955

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employers' contributions are set based on triennial actuarial funding valuations. The valuation at 31 March 2022 set the rates used in the 2025/26 accounts. The employer primary contribution rates set at that valuation range from 17.4% to 30% of pensionable pay with an overall Fund primary rate of 20%. The rates set at the most recent valuation as 31 March 2025 will not apply until 1 April 2026.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an

accrual rate of 1/49th. Accrued pension is adjusted annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website www.lgpsmember.org

Note 2 Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis (see Note 3)

Paragraph 3.3.4.3 of the Code requires disclosure of the impact of any accounting standards issued but not yet adopted. This disclosure is made in Note 36.

The Accounts report on the Net Assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Assets Statement, in the Notes to the Accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in Note 28.

Note 3 Going Concern

The accounts have been prepared on a going concern basis. The Wandsworth Pension Fund remains a statutory open scheme, with a strong covenant from the participating employers and is therefore able to take a long-term outlook when considering the general investment and funding implications of external events. All LGPS funds are required to have a Triennial Valuation, where the actuary estimates the net present value of likely future pension payments (taking into account likely pay growth, inflation and longevity) and compares this to the net present value of assets (taking into account growth in market value, reinvestment of returns and so on). This gives a net funding position which is used to decide what contributions are needed for the next 3 years to move towards an acceptable position over up to 20 years (this Fund uses 6 years for employers in deficit). The most recent valuation used membership and investment data at 31 March 2025, with valuation work taking place during 2025 and the final results being reported to Joint Pensions Committee in March 2026. The Fund and employer accounts for 2025/26 include the contributions agreed at the 2022 valuation.

The Fund's 2025 valuation gave a 121% funding level after allowing for a 10% volatility reserve (approx. £0.3bn). This position is an improvement on the 116% funding at the 31 March 2022 valuation, after allowing for the volatility reserve. The volatility reserve gives the Fund added resilience to any market volatility reducing the risk to its long term financial position. The funding level being over 100% provides a buffer for adverse differences between experience over the next 3 years and assumptions made for the valuation. The key assumptions in the valuation are a discount rate of 5.1% (4.4% for 2022) and long term average CPI inflation of 2.7% (2.9% for 2022).

The investment return required in the 2022 valuation of 4.4% (5.1% for 2025) is a long-term assumption taking into account market volatility. The Fund's actual return over the 3 years to March 2026 was 7.85%. The annual return to 31 March 2026 was reported to Joint Pensions

Committee in June 2026, and although the Fund has not achieved its investment benchmark return of 10.97% over the period, it has over-achieved both the 2022 and 2025 triennial valuation discount rates, with total assets valued at £3.326bn compared to £3.156bn at 31 March 2025.

In the short term, the Fund is dependent on cash flows to make pension payments required by LGPS regulations.

The Fund recognises it is cash flow negative in dealings with members and therefore has existing plans in place to cover this cash deficit from investment returns and potentially liquidation of assets if needed in later years. The going concern assumption therefore also considers the medium term position of the Fund. The Fund sets a 3 year cash flow budget every March which shows estimated income and outgoings and returns on investments which can be used to maintain liquidity or for reinvestment as needed. The Fund held £150.9m investment cash at 31 March 2026 (see Note 26) and currently has a 60% target asset allocation to liquid assets (equity 50% and bonds 10% with actual value of £2.3bn at 31 March 2026 per Note 15) which could be liquidated quickly if needed. This demonstrates the Fund's short and medium term going concern status.

Richmond and Wandsworth councils represented 73% of regular employer contributions to the Fund during 2025/26, and as administering authority, Wandsworth is the funder of last resort. The Fund therefore received the majority of its income from public bodies backed by the government, as well as having recourse to one of these bodies for short term lending if needed, giving a high level of certainty over cashflows. The Fund has the power to borrow to fund benefit payments or for investment when repayment can be made within 90 days under Statutory Instrument 2016/946.

The Pension Schemes Act was passed on 29 April 2026, with The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 coming into force 30 June 2026 requiring all LGPS investment assets to be managed by a pool from 30 September 2026. Wandsworth Fund has signed an Investment Management Agreement transferring management of all assets to the London CIV (LCIV) in line with these requirements. This reduces the Fund's ability to control its investments, other than by setting the Strategic Asset Allocation, which is widely held to be the key driver for investment performance, and setting responsible investment policies for LCIV to have regard to when choosing individual investments. While change at the level required by the Act will always increase risks, LCIV's starting position as an FCA regulated company with over 10 years operation as the London pool reduces this risk. A Service Level Description defining the expectations and actions required by both LCIV and the London pensions funds has been drafted, and will continue to be updated as the transition to pooling progresses. This includes clear processes for funds to withdraw investment cash when needed to support payments to scheme members, thereby supporting liquidity.

Note 4 Summary of Significant Accounting Policies

Fund Account – revenue recognition

a) Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (Note 31) to purchase scheme benefits are accounted for on a cash receipts basis and are included in Transfers In (Note 9).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement. Where the agreement sets a date for the transfer, estimated values are recognised on this date where estimation is possible. Where no date is set, or accurate estimation is not possible, transfers are recognised on a cash basis.

c) Investment income

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset. The Fund does not currently own any directly held investments, all investments are via pooled products.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

Rental income is recognised on a straight-line basis over the term of the lease, and any lease incentives granted are also pro-rated over the lease term. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due. The Fund does not currently own any directly held property.

Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities, providing that payment has been approved.

e) Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The Fund discloses its pension fund management expenses (which includes fees charged by the LCIV) in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative expenses	The overall costs of the pensions administration team (including staffing, accommodation, management and other overheads) are analysed and the proportion of these costs relating to administering the Fund are charged as expenses to the Fund.
Oversight and governance	All staff costs associated with governance and oversight are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Investment management expenses	Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown in Note 12 and grossed up to increase the quarterly income to be gross of fees.

Fees charged by external investment managers and the custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the fund has paid performance related fees to Oakhill (MAC) and JP Morgan (Infrastructure). Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account.

The proportion of the time spent by Council officers on investment management activity is recharged to the Fund.

Net Assets Statement

g) Financial assets

LCIV Long Term Capital represents regulatory capital of the London CIV (LCIV) which is the London LGPS investment pool, and the investment is not repayable on demand. This is not an investment, this is a regulatory requirement to enable the Fund to participate in LCIV's pooling arrangements. Fair value at 31 March 2026 is cost as the shares are not tradable but can be redeemed for face value if the Fund were to withdraw from LCIV. This value includes both Wandsworth and Richmond shares due to the Funds having merged in 2016. Investments accessed via the LCIV are reported as such in the relevant asset class.

Investments in Private Debt, Private Equity and Infrastructure are recorded at fair value as reported by the relevant fund managers. Where the latest reporting period is not 31 March 2026, this value has been amended for calls and distributions since the reporting period and change in the exchange rate as the best estimate of fair value at 31 March 2026, in line with CIPFA Bulletin 05 Closure of the 2019/20 Financial Statements guidance.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 16. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the Fund Account. Any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Freehold and leasehold properties

Properties are valued as at the year-end date by independent external valuers on a fair value basis, see Note 19 for more details. The Fund only holds property investments via pooled vehicles.

i) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Some pooled vehicles have internal currency hedging and in these cases the overall value shown for the investment will reflect the impact of the hedging; otherwise the value of open currency hedges will be shown separately to any related investments.

j) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities, including currency exposure. The Fund does not hold derivatives for speculative purposes. The Fund does not use hedge accounting, showing derivative values and movements separate from the assets whose risks they are offsetting.

k) Long Term Debtors

Where the Fund makes a tax payment on behalf of a pensioner (under 2016 or other regulations) this payment is carried as a long term debtor. The debt is recovered by reducing their benefit payments by an actuarially assessed amount, and written down to the Fund Account over the relevant duration (see Note 29).

l) Cash and cash equivalents

Cash comprises cash in hand, cash in transit, demand deposits and money market funds, including amounts held by the Fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Cash equivalents are pooled funds similar to liquidity money market funds. The Fund has not held any cash equivalents during this or the prior year.

m) Loans and receivables

Financial assets classed as amortised cost are carried in the Net Asset Statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

n) Financial liabilities

A financial liability is recognised in the Net Assets Statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis.

On initiation of payment of a creditor by bank transfer (BACS) which takes 3 business days, the Fund derecognises the specific liability, and recognises the payment in progress. The payment will show as Cash in Transit when the transfer is fully committed but not yet cleared in the recipient's bank account.

o) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 28).

p) Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme

(Management and Investment of funds) Regulations 2016 but are disclosed for information in Note 31.

q) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events.

A contingent liability arises where an event has taken place prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Asset Statement but are disclosed by way of narrative in the notes.

Note 5 Critical Judgements in Applying Accounting Policies

Pension Fund Liability

The net pension fund liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 27. Actuarial re-valuations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Impacts of Inflation and High Interest Rates

Inflation is a key assumption in the Fund's triennial valuation and therefore potentially impacts the valuation disclosure in Note 27 and the Going Concern assumption (Note 3). The valuation was scrutinised by Joint Pensions Committee and discussion testing the long term assumption for inflation has been minuted. The actuarial valuation uses assumed long term average inflation to match the long term investment horizon of the Fund. Any short term high or low levels of inflation will therefore have a much lower impact in setting valuation assumptions. The assumption at the 2022 valuation of 2.9% was reduced to 2.7% in the 2025 valuation, and the CPI figure of 2.8% for April 2026 supports the actuarial assumption. The actuary's valuation takes account of the use of September CPI to annually inflate benefit payments and again while this is projected to have an immediate impact on cashflows (see [3 year cash flow budget](#)) the long and short term impacts are built into the relevant projections.

Likewise the current interest rate levels and likely duration at this level (which is linked to inflation assumptions) have been considered in the triennial valuation and shorter term cash flow projections (where prudence has also been considered).

Private Debt and Infrastructure investments (Level 3 Investments)

Investments in Private Debt, Private Equity and Infrastructure are recorded at fair value as reported by the relevant fund managers. Where the latest reporting period is not 31 March 2026, this value has been amended for calls and distributions since the reporting period in line with CIPFA Bulletin 05 Closure of the 2019/20 Financial Statements guidance.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts.

The judgements used in assessing asset values where manager valuations at 31 March 26 are unavailable are detailed in Note 5. The Level 3 assets which rely on professional judgement due to lack of market information are valued at £429.9m (Note 23) and a 1% change in value is £4.3m.

The use of currency hedging to mitigate future exchange rate risk is detailed in Note 20. The Fund has opted to disclose the actuarial present value of promised retirement benefits by way of Note 28 and the estimation and assumptions inherent in this calculation therefore has no impact on the Net Asset Statement.

Estimates and assumptions take account of historical experience, current trends and future expectations. However actual outcomes could be different from the assumptions and estimates made. The items in the Net Asset Statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pooled property funds	Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible these valuation techniques are based on observable data but where this is not possible the fund valuer uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 10% i.e. an increase or decrease of £14.5m, on carrying values of £145.1m.
Infrastructure funds	Investments are not publicly listed and as such there is a degree of estimation involved in the valuation, which relies on valuation of the underlying assets in similar way to property funds.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of infrastructure-based investments by up to 10% i.e. an increase or decrease of £24.2, on carrying values of £242.2m.
Private Equity funds	Investments are not publicly listed and as such there is a degree of estimation involved in the valuation, which relies on valuation of the underlying assets in similar way to property funds.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of infrastructure-based investments by up to 10% i.e. an increase or decrease of £4.9, on carrying values of £48.8m.
Private debt funds	Investments are not publicly listed and as such there is a degree of estimation involved in the valuation, which relies on valuation of the underlying assets which are high yield debt instruments.	Changes in the valuation assumptions used, together with significant changes in credit rating of the counterparties could affect the fair value of debt-based investments by up to 10% i.e. an increase or decrease of £13.9m, on carrying values of £138.9m.

Note 7 Events After the Reporting Date

There were no events after the reporting date of 31 March 2026.

Note 8 Contributions Receivable

31 March 2025 £000		31 March 2026 £000
(20,942)	Employees' Contributions	(21,967)
(62,079)	Normal Contributions	(64,709)
497	Deficit Recovery Contributions	730
(1,589)	Augmentation Contributions	(2,220)
(63,171)	Employers' Contributions	(66,199)
(84,113)	Total Contributions by Category	(88,166)
(61,285)	Councils (LBRuT & WBC)	(64,163)
(13,414)	Scheduled Bodies	(14,126)
(2,445)	Admitted Bodies	(2,101)
(6,969)	Designated Bodies	(7,776)
(84,113)	Total Contributions by Body	(88,166)

2024/25 figures are restated to include community schools within the Councils total.

Note 9 Transfers In from Other Pension Funds

31 March 2025 £000		31 March 2026 £000
0	Group Transfers	0
(9,699)	Individual Transfers	(12,117)
(9,699)	Total Transfers	(12,117)

Note 10 Benefits Payable

31 March 2025 £000		31 March 2026 £000
85,994	Pensions	88,672
15,460	Commutation and Lump Sum Retirement Benefits	13,985
1,235	Lump Sum Death Benefits	2,353
102,689	Total Benefits by Category	105,010
91,278	Councils (LBRuT & WBC)	93,541
4,929	Scheduled Bodies	4,981
5,397	Admitted Bodies	4,404
1,085	Designated Bodies	2,084
102,689	Total Benefits by Body	105,010

2024/25 figures are restated to include community schools within the Councils total.

Note 11 Payments To and On Account of Leavers

31 March 2025 £000		31 March 2026 £000
420	Refund to Members Leaving Service	419
0	Group Transfers	0
13,441	Individual Transfers	11,305
13,861	Total Payments to/on account of Leavers	11,724

Note 12 Management Expenses

2024/25 £000		2025/26 £000
	Management Costs	
1,371	Administrative Costs	1,696
12,332	Investment Management Expenses	13,151
499	Oversight & Governance Costs	442
14,202	Total Management Costs	15,289

2024/25			2025/26			
Management Fees £000	Performance Fees £000	Total Fees £000	Detail of Investment Management Expenses	Management Fees £000	Performance Fees £000	Total Fees £000
			Bonds			
109		109	Allianz (ended 8 October 2024)	0		0
			Pooled Equity			
1,410		1,410	LCIV Global Alpha Growth (Baillie Gifford)	1,274		1,274
2,456		2,456	LCIV Global Equity Focus (Longview)	2,150		2,150
186		186	Legal & General Global Equity (managed by LCIV)	222		222
29		29	LCIV fee for managing Legal & General Equity	35		35
1,056		1,056	LCIV Sustainable Equity (RBC)	1,151		1,151
			Pooled Bonds			
28		28	Janus Henderson (ended 8 October 2024)	0		0
6		6	Legal & General Bonds (managed by LCIV)	7		7
2		2	LCIV fee for managing Legal & General Bonds	2		2
93		93	LCIV Buy & Maintain All Duration Bonds (from 9 October 2024)	330		330
			Pooled Multi-Asset			
811		811	LCIV Alternative Credit (CQS)	850		850
685	10	695	Oakhill	684	20	704
			Pooled Property			
25		25	CCLA	26		26
125		125	Legal & General	134		134
222		222	Nuveen (UKPF) (ended 28 February 2025)	0		0
382		382	Schroders	308		308
33		33	Threadneedle TPUT (from 28 February 2025)	572		572
			Pooled Infrastructure			
547	433	980	JP Morgan	657	399	1,056
452		452	Pantheon	429		429
1,061		1,061	LCIV Renewable Infrastructure	1,974		1,974
			Pooled Private Equity			
511		511	Sandbrook	491		491
84		84	Octopus	0		0
			Pooled Private Debt			
161		161	Brightwood	128		128
521		521	Churchill	443		443
480		480	Permira	458		458
			Derivatives - FX Hedging for risk management			
179		179	Russell	191		191
			Central Fees			
98		98	LCIV (London regional pool) Fixed Costs	98		98
2		2	Other - Balance of Estimated Fees	(2)		(2)
11,754	443	12,197	Total paid to Fund Managers	12,612	419	13,031
		31	Custodian - Custody Fees			12
		104	Administering Authority monitoring cost			108
		12,332	Total Investment Management Expenses			13,151

Administering Authority monitoring costs are an allocation of administering authority staff costs relating to monitoring investments.

Note 13 Investment Income

Returns on investment may be in the form of cash, revaluation gain on the value of existing units or issue of new units. The table below shows only income in the form of cash recognised in the Fund Account as Investment Income. Other returns will be included in the (Profit)/Loss on Disposal of Investments and Changes in the Value of Investments which is split by asset class in Note 16.

2024/25 £000		2025/26 £000
	Income from	
	<u>Direct Investments</u>	
(2,102)	Bonds (Allianz investment ended Oct 2024)	(2)
	<u>Pooled Investments</u>	
(14,825)	Pooled Equity	(15,447)
(3,276)	Pooled Bonds	(14,222)
(1,507)	Pooled Multi Asset Credit	(1,554)
(5,854)	Pooled Property	(7,259)
(9,630)	Pooled Infrastructure	(12,626)
(1,015)	Pooled Private Equity	(491)
(18,993)	Pooled Private Debt	(11,471)
	<u>Cash and Equivalents</u>	
(5,530)	Cash Deposits	(5,334)
(62,732)	Total Investment Income	(68,406)
	Taxes on Income	
296	Overseas Withholding Tax on Pooled Vehicles	2,111
296	Total Taxes on Income	2,111

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

The Fund moved its directly held bond investments to the LCIV pooled fund in October 2024, with the manager reducing trading in the lead up to the transfer to facilitate the asset transfer.

Early disposal of assets held in a private equity fund in year led to increased tax liability on the Fund's distributed share of the income generated.

Property Income

The Fund only holds property under pooled vehicles. Income is disclosed in this category.

Note 14 External Audit Costs

31 March 2025 £000		31 March 2026 £000
112	Cost of External Audit for the year of account	118
129	Change in Prior Year Fee Adjustments	(42)
(12)	Prior year Fee Rebate (Government grant)	(12)
229		64

2023/24 was the first year of a new contract for external audit, with all costs of changes to audit requirements and other changes to that date included in the scale fee. PSAA has agreed amendments to the 2022/23 and 2023/24 fees, and the auditor has provided a proposed increase submitted to PSAA for 2024/25. The likely supplementary charge for

2025/26 has been estimated based on the submission for 2024/25 and an estimate of the cost of auditing the 2025 triennial valuation.

Note 15 Investments

31 March 2025		31 March 2026
£000		£000
	Investment Assets	
	Pooled Funds	
1,809,059	- Equity	1,966,633
315,994	- Fixed Income Bonds	315,925
325,657	- Fixed Income Multi Asset Credit	334,158
151,566	- Property	145,095
233,776	- Infrastructure	242,179
43,616	- Private Equity *	48,810
154,660	- Private Debt *	138,913
	Derivative Contracts	
23,046	- Forward currency contracts	1,014
409	Investment Income Due	975
0	Amounts Receivable for Sales	0
3,057,783	Other Investment Assets	3,193,702
98,673	Cash Deposits	150,887
3,156,456	Total Investment Assets	3,344,589
	Investment Liabilities	
	Derivative Contracts	
(1,624)	- Forward currency contracts	(18,822)
0	Amounts Payable for Purchases	0
(1,624)	Total Investment Liabilities	(18,822)
3,154,832	Net Investment Assets	3,325,767

* Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

3 of the 5 Private Debt investments are now in the repayment phase, with the investment value reducing as capital is repaid.

Note 16 Reconciliation of Movements in Investments and Derivatives

Asset Category	Market Value 1 April 2024	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Market Value 31 March 2025
	£000	£000	£000	£000	£000
Bonds	200,299	41,945	(117,050)	(125,194)	0
Pooled Global Equity	1,797,384	7,819	0	3,856	1,809,059
Pooled Fixed Income Bonds	75,550	150,000	(35,242)	125,686	315,994
Pooled Fixed Income MAC	312,859	0	(10,063)	22,861	325,657
Pooled Property	150,389	3,725	0	(2,548)	151,566
Pooled Infrastructure	218,325	19,427	(6,858)	2,882	233,776
Pooled Private Equity	27,744	20,080	(6,511)	2,303	43,616
Pooled Private Debt	190,360	12,054	(41,984)	(5,770)	154,660
Investments excl. Derivatives	2,972,910	255,050	(217,708)	24,076	3,034,328
Derivative Contract:					
Futures	199	2,379	(1,478)	(1,100)	0
Forward Currency Contracts	(1,251)	62,007	(68,179)	28,845	21,422
	2,971,858	319,436	(287,365)	51,821	3,055,750
Other Investment Balances:					
Cash Deposits	102,951	225,036	(228,534)	(779)	98,673
Amount Receivable for Sales & Investments	499	0	(499)	0	0
Investment Income Due	5,075	2	(4,668)	0	409
Spot FX Contracts	0	70	(113)	43	0
Amount Payable for Purchases of Investments	(2,508)	2,506	0	2	0
Cash Collateral	13,188	4,423	(92)	(17,520)	0
Obligation to Return Cash Collateral	(13,188)	1,022	(5,361)	17,526	0
Total Net Investments	3,077,875	552,495	(526,632)	51,093	3,154,832
Other changes in balances recognised in the Fund Account				0	
Profit/(Loss) on Disposal of Investment and changes in Market Value				51,093	

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

Asset Category	Market Value 1 April 2025	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Market Value 31 March 2026
	£000	£000	£000	£000	£000
Bonds	0	0	0	0	0
Pooled Global Equity	1,809,059	58,582	0	98,992	1,966,633
Pooled Fixed Income Bonds	315,994	0	0	(69)	315,925
Pooled Fixed Income MAC	325,657	0	(9,176)	17,677	334,158
Pooled Property	151,566	2,326	0	(8,797)	145,095
Pooled Infrastructure	233,776	10,284	(6,820)	4,939	242,179
Pooled Private Equity	43,616	23,778	(29,039)	10,455	48,810
Pooled Private Debt	154,660	10,413	(21,510)	(4,650)	138,913
Investments excl. Derivatives	3,034,328	105,383	(66,545)	118,547	3,191,713
Derivative Contract:					
Futures	0	0	0	0	0
Forward Currency Contracts	21,422	49,407	(107,170)	18,533	(17,808)
	3,055,750	154,790	(173,715)	137,080	3,173,905
Other Investment Balances:					
Cash Deposits	98,673	172,734	(119,455)	(1,065)	150,887
Amount Receivable for Sales & Investments	0	0	0	0	0
Investment Income Due	409	572	(6)	0	975
Spot FX Contracts	0	61	0	(61)	0
Amount Payable for Purchases of Investments	0	0	0	0	0
Cash Collateral	0	0	0	0	0
Obligation to Return Cash Collateral	0	0	0	0	0
Total Net Investments	3,154,832	328,157	(293,176)	135,954	3,325,767
Other changes in balances recognised in the Fund Account				0	
Profit/(Loss) on Disposal of Investment and changes in Market Value				135,954	

Purchases and sales of derivatives are recognised as follows:

- Forward currency contracts settlements are reported as gross receipts and payments.

Note 17 Investments Analysed by Fund Manager

Market Value 31 March 2025			Market Value 31 March 2026	
£000	%		£000	%
Pooled (London LCIV)				
Equity				
555,411	17.6	London LGPS LCIV (Global Equity Focus Longview)	485,644	14.6
386,850	12.3	London LGPS LCIV (Global Alpha Growth Baillie Gifford)	423,520	12.6
295,763	9.4	London LGPS LCIV (Sustainable Equity Fund RBC)	333,124	10.0
Bonds				
273,819	8.7	London LGPS LCIV (Buy & Maintain All Duration bonds)	271,848	8.2
MAC				
181,415	5.8	London LGPS LCIV (Alternative Credit CQS)	191,715	5.8
Infrastructure				
76,963	2.4	London LGPS LCIV (Renewable Infrastructure)	85,989	2.6
1,770,221	56.2	Pooled total	1,791,840	53.8
Under Pool Management (London CIV)				
Equity				
571,086	18.1	Legal & General (Passive equity)	724,397	21.8
Bonds				
42,177	1.3	Legal & General (Bonds)	44,077	1.3
613,263	19.4		768,474	23.1
Direct Investment in Pooled Products				
MAC				
144,242	4.7	Oakhill (Multi-Asset Credit)	142,443	4.3
Property				
37,751	1.2	Threadneedle Property Unit Trust (Pooled Property)	38,823	1.2
4,130	0.1	CCLA / LAMIT (Pooled Property)	4,130	0.1
89,732	2.8	Schroders SCREF (Pooled Property)	81,938	2.5
19,952	0.6	L&G (Pooled Property)	20,972	0.6
Infrastructure				
102,032	3.2	JP Morgan Asset Management (Infrastructure)	107,486	3.2
54,781	1.7	Pantheon Ventures (Infrastructure)	48,705	1.5
Private Equity				
18,700	0.6	Sandbrook (Infrastructure)	22,941	0.7
24,916	0.8	Octopus (Infrastructure)	25,869	0.8
Private Debt				
16,694	0.5	Brightwood (Private Debt)	13,040	0.4
66,741	2.1	Churchill (Private Debt)	58,227	1.8
71,229	2.3	Permira Advisors LLP (Private Debt)	67,647	2.0
Cash and Cash Equivalents				
99,026	3.1	Northern Trust (Custodian)	151,040	4.5
21,422	0.7	Russell Investments (FX Overlay)	(17,808)	(0.5)
771,348	24.4	Direct total	765,453	23.1
3,154,832	100.0	Total Net Investments	3,325,767	100.0

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

The following investments represent over 5% of the net assets of the Fund. All of these companies are registered in the UK.

Market Value 31 March 2025			Market Value 31 March 2026		
£000	%		£000	%	
571,086	18.1	L&G (Passive equity)	724,397	21.8	
555,411	17.6	London LGPS LCIV (Global Equity Focus Longview)	485,644	14.6	
386,850	12.3	London LGPS LCIV (Global Alpha Growth Baillie Gifford)	423,520	12.7	
295,763	9.4	London LGPS LCIV (Sustainable Equity Fund RBC)	333,124	10.0	
273,819	8.7	London LGPS LCIV (Buy & Maintain All Duration bonds)	271,848	8.2	
181,415	5.8	London LGPS LCIV (Alternative Credit CQS)	191,715	5.8	
2,264,344	71.9		2,430,248	73.1	

Note 18 Stock Lending

The Fund only invests via pooled products and there is no provision for stock lending in these pooled investments.

Note 19 Property Holdings

The Fund's investment in property is through pooled property funds. The Fund does not directly hold property.

Note 20 Analysis of Derivatives

Objectives and Policies for Holding Derivatives

The Fund does not invest in derivatives but holds them where appropriate alongside or instead of other assets, usually to hedge liabilities or exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreements in place between the Fund and the various investment managers.

While investment managers may use derivatives within their pooled vehicles, the Fund only directly holds (and discloses) derivatives in a strategic currency hedging programme ("Passive Currency Overlay / PCO") implemented by Russell Investments, which is described below.

Forward Foreign Currency

The Pension Fund entered into a passive currency hedging programme in May 2018 to manage risk, and not for speculation purposes. Hedge instruments are purchased to manage exchange rate risk in foreign currency denominated investments only. This is to support the Fund's choice to invest overseas to enhance diversification and achieve exposure to geographical returns outside the UK. The Fund hedges to mitigate the risk of adverse currency movement impacting this strategy.

The following arrangements were in place during 2025/26:

Financial instrument	How this has been applied to manage risk	Possible impact on future cash flows
Exchange rate hedge - Forward foreign exchange contracts	Mitigate the risk that adverse movements on foreign exchange rates will affect the carrying value and investment income relating to pooled funds including quoted overseas equities. Settlement is calculated at the contract end date based on the difference between spot rate and forward rate on a specified basket of currencies.	Note 26 shows the impact of 1% potential market movement in exchange rates. For a 10% reduction in exchange rates, the hedge would cover a loss of £126.8m (£107.6m in 2024/25).

The details of the passive currency hedging implementation within the Fund based on the currency the investment is in are as follows:

Asset Class	Methodology
Global Equity	50% of notional currency exposure is hedged using rolling up to 4-month OTC (Non-Collateralised) Currency Forwards. The currencies are hedged according to the MSCI World Index allocations (rather than by reference to underlying actual exposures, where these may differ). Proxies for certain currencies are used where considered appropriate.
Infrastructure	50% of the currency exposure is hedged using rolling up to 4-month OTC (Non-Collateralised) Currency Forwards.
Private Equity	50% of the currency exposure is hedged using rolling up to 4-month OTC (Non-Collateralised) Currency Forwards.
Private Debt	100% of the currency exposure is hedged using rolling up to 4-month OTC (Non-Collateralised) Currency Forwards.

The accuracy of the hedge is reliant on changes to asset values being communicated in a timely manner, and it is therefore accepted that the hedge may be up to 5% variant to the target at any point.

Infrastructure and private debt managers may also use currency hedging within their pooled vehicles.

Open Forward Foreign Currency Contracts are as follows:

Settlements	Currency Bought	Local Value of		Local Value of	Asset Value	Liability Value
		Currency Bought	Currency Sold			
		£000		£000	£000	£000
< 1 month	AUD	1,572	GBP	(82)	0	0
< 1 month	CHF	1,181	GBP	(112)	0	0
< 1 month	EUR	3,844	GBP	(336)	0	0
< 1 month	GBP	353,677	USD	(47,460)	0	(6,238)
< 1 month	GBP	491	SEK	(604)	10	0
< 1 month	GBP	7,711	CHF	(816)	0	(18)
< 1 month	GBP	11,014	JPY	(231,750)	0	(62)
< 1 month	GBP	1,068	SGD	(183)	0	(8)
< 1 month	GBP	5,625	HKD	(5,871)	0	(63)
< 1 month	GBP	7,494	EUR	(860)	0	(31)
< 1 month	GBP	3,516	CAD	(651)	0	(28)
< 1 month	GBP	2,664	AUD	(533)	0	(101)
< 1 month	JPY	368,021	GBP	(176)	0	0
< 1 month	SEK	3,182	GBP	(25)	0	0
< 1 month	USD	6,498	GBP	(493)	0	0
1-6 months	CHF	1,300	GBP	(125)	0	(10)
1-6 months	GBP	551,963	USD	(74,298)	0	(11,603)
1-6 months	GBP	33,535	CAD	(6,179)	62	(206)
1-6 months	GBP	2,980	SGD	(509)	0	(27)
1-6 months	GBP	91,406	EUR	(10,472)	0	(368)
1-6 months	GBP	10,302	SEK	(12,506)	316	0
1-6 months	GBP	52,559	JPY	(1,091,589)	302	(48)
1-6 months	GBP	16,009	AUD	(3,078)	44	(11)
1-6 months	GBP	19,410	CHF	(2,015)	271	0
1-6 months	HKD	4,676	GBP	(44)	9	0
Open Forward Currency Contracts at 31 March 2026					1,014	(18,822)
Net Forward Currency Contracts at 31 March 2026						(17,808)
Prior year comparative:						
Open Forward Currency Contracts at 31 March 2025					23,046	(1,624)
Net Forward Currency Contracts at 31 March 2025						21,422

The value of assets hedged has increased by £18.5m but beneficial exchange rate movements mean the value of the hedge has decreased as the hedge reduces any currency related gains or losses.

Note 21 Fair Value – Basis of Valuation

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

LCIV Long Term Capital is not held for investment purposes, it represents the Fund's commitment to the London Collective Investment Vehicle (LCIV) which was made for operational reasons to allow the Fund to access LCIV investments and obtain the benefits of pooled investment. It is therefore carried at cost.

Unquoted private debt and infrastructure are valued at fair value as reported by the relevant fund managers. Where the latest reporting period is not 31 March 2026, this value has been amended for calls and distributions since the reporting period in line with CIPFA Bulletin 05 guidance.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.

Level 2 – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The valuation basis for each category of investment asset is set out below:

	Basis of Valuation	Observable and Unobservable Inputs	Key Sensitivities Affecting the Valuations Provided
Level 1			
Cash Deposits	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not Required	Not Required
Short term debtors and creditors (investment and trade)	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not Required	Not Required
Level 2			
Pooled equity, bond and Multi Asset Credit Investments	Published bid market price on the final day of the accounting period	Not Required	Not Required
Pooled Property Investments	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not Required
Forward Currency Contracts	Market forward exchange rates at the year end	Exchange rate risk	Not Required
Level 3			
Pooled Private Debt	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date if appropriate.	Credit ratings and default history within the pool	Valuations could be affected by changes to expected cashflows or default in the underlying loans.
Pooled Infrastructure and Private Equity	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date if appropriate.	Credit ratings and default history within the pool	Valuations could be affected by changes to expected cashflows, default by counterparties or site issues.

Sensitivity of assets valued at Level 3

Having consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March:

Asset	Potential Variation in Fair Value (+/-)	Value at 31 March 2025 £000	Potential Value on Increase £000	Potential Value on Decrease £000
Pooled Infrastructure - UK	11.0%	76,963	85,429	68,497
Pooled Infrastructure - US	11.0%	156,813	174,062	139,564
Pooled Private Equity - UK	11.0%	24,916	27,657	22,175
Pooled Private Equity - US	11.0%	18,700	20,757	16,643
Pooled Private Debt - UK	10.5%	83,431	92,191	74,671
Pooled Private Debt - US	12.1%	71,229	79,848	62,610
		432,052	479,944	384,160

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

Asset	Potential Variation in Fair Value (+/-)	Value at 31 March 2026 £000	Potential Value on Increase £000	Potential Value on Decrease £000
Pooled Infrastructure - UK	10.0%	85,989	94,588	77,390
Pooled Infrastructure - US	10.0%	156,190	171,809	140,571
Pooled Private Equity - UK	20.8%	25,869	31,250	20,488
Pooled Private Equity - US	20.8%	22,941	27,713	18,169
Pooled Private Debt - UK	6.1%	67,647	71,773	63,521
Pooled Private Debt - US	7.8%	71,266	76,825	65,707
		429,902	473,958	385,846

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. As such, significant market volatility could result in larger movements in market price than set out above. The volatility assumptions displayed are based on option-implied market volatility, where available, with an allowance for the historical tendency of option-implied volatility to overestimate subsequent experienced volatility.

Note 22 Fair Value Hierarchy

The following table provides an analysis of the assets and liabilities of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	31 March 2025			
	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Total
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss				
- Pooled Equity	0	1,809,059	0	1,809,059
- Pooled Fixed Income Bonds	0	315,994	0	315,994
- Pooled Fixed Income MAC	0	325,657	0	325,657
- Pooled Property	0	151,566	0	151,566
- Pooled Infrastructure	0	0	233,776	233,776
- Pooled Private Equity	0	0	43,616	43,616
- Pooled Private Debt	0	0	154,660	154,660
- Derivative Assets	0	23,046	0	23,046
- Cash deposits	98,673	0	0	98,673
- Other investment assets	0	0	0	0
- Investment income due	409	0	0	409
- Amounts Receivable for Sales	0	0	0	0
	99,082	2,625,322	432,052	3,156,456
Financial Liabilities				
Fair value through profit and loss	0	0	0	0
Payable for investment purchases	0	0	0	0
Other investment liabilities	0	0	0	0
Derivative liabilities	0	(1,624)	0	(1,624)
	0	(1,624)	0	(1,624)
Total	99,082	2,623,698	432,052	3,154,832

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

	31 March 2026			
	Quoted Market Price Level 1	Using Observable Inputs Level 2	With Significant Unobservable Inputs Level 3	Total
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss				
- Pooled Equity	0	1,966,633	0	1,966,633
- Pooled Fixed Income Bonds	0	315,925	0	315,925
- Pooled Fixed Income MAC	0	334,158	0	334,158
- Pooled Property	0	145,095	0	145,095
- Pooled Infrastructure	0	0	242,179	242,179
- Pooled Private Equity	0	0	48,810	48,810
- Pooled Private Debt	0	0	138,913	138,913
- Derivative Assets	0	1,014	0	1,014
- Cash deposits	150,887	0	0	150,887
- Investment income due	975	0	0	975
- Amounts Receivable for Sales	0	0	0	0
	151,862	2,762,825	429,902	3,344,589
Financial Liabilities				
Payable for investment purchases	0	0	0	0
Derivative liabilities	0	(18,822)	0	(18,822)
	0	(18,822)	0	(18,822)
Total	151,862	2,744,003	429,902	3,325,767

Transfers between Levels 1 and 2

No assets have transferred between levels during the reporting period.

Note 23 Reconciliation of Fair Value Measurements within Level 3

The following table shows the movement between the opening and closing value of Level 3 instruments:

	Infrastructure £000	Private Equity £000	Private Debt £000	Total £000
Value 31 March 2024	218,325	27,744	190,360	436,429
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Purchases & Derivative Payments	19,427	20,080	12,054	51,561
Sales & Derivative Receipts	(6,858)	(6,511)	(41,984)	(55,353)
Unrealised Gains / (Losses)	191	2,303	(5,873)	(3,379)
Realised Gains / (Losses)	2,691	0	103	2,794
Value 31 March 2025	233,776	43,616	154,660	432,052

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

	Infrastructure £000	Private Equity £000	Private Debt £000	Total £000
Value 31 March 2025	233,776	43,616	154,660	432,052
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Purchases & Derivative Payments	10,284	22,886	10,413	43,583
Sales & Derivative Receipts	(6,820)	(29,039)	(21,510)	(57,369)
Unrealised Gains / (Losses)	2,336	7,795	(2,317)	7,814
Realised Gains / (Losses)	2,603	3,552	(2,333)	3,822
Value 31 March 2026	242,179	48,810	138,913	429,902

Note 24 Classification of Financial Instruments

31 March 2025		31 March 2026	
Fair Value through P&L £000	Amortised Cost £000	Fair Value through P&L £000	Amortised Cost £000
Financial Assets			
1,809,059		1,966,633	
315,994		315,925	
325,657		334,158	
151,566		145,095	
233,776		242,179	
43,616		48,810	
154,660		138,913	
23,046		1,014	
	98,673		150,887
0	409		975
3,057,374	99,082	3,192,727	151,862
Financial Liabilities			
(1,624)		(18,822)	
	0		0
(1,624)	0	(18,822)	0
3,055,750	99,082	3,173,905	151,862
3,154,832	Grand Total	3,325,767	

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

Note 25 Net Gains & Losses on Financial Instruments

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

2024/25 £000		2025/26 £000
	Financial Assets	
24,076	Fair value through profit and loss	119,439
51	Amortised cost - Realised gain on derecognition of assets	0
0	Amortised cost - Unrealised gain	0
24,127		119,439
	Financial Liabilities	
27,745	Fair value through profit and loss	18,533
(779)	Amortised cost - Realised gain on derecognition of assets	(1,126)
0	Amortised cost - Unrealised gain	0
26,966		17,407
51,093	Net Gain/(Loss) on Financial Instruments	136,846

Note 26 Nature and Extent of Risks Arising from Financial Instruments

Risk and risk management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Risk measures for the whole Fund are covered in more detail in Note 3 Going Concern, while this note gives more detail on the risks associated with investing in financial instruments.

The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund, and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme.

The Fund advisors consider asset volatility and a range of potential market movements when setting the Investment Strategy and asset allocations. This includes assessing the overall volatility for any proposed asset allocations taking into account any correlation (positive and negative) between asset classes when ensuring the proposals are within the Fund's appetite for risk and the trade off between risk and the return required to achieve full funding as assessed in the triennial valuation. This is reviewed at least every 3 years (after valuation) and more frequently if there is an impairment trigger event or Members have concerns.

The Fund does not hold any fully passive investments but does invest in passive like global equity and bond funds (£768.5m or 23.1% of investments at 31 March) and has accepted the market risk required for passive like investment.

All other assets are actively managed. Active managers will be evaluating and managing risk as part of their investment decision making processes. This will include the risks related to any recent market volatility and interest rate and inflation movements. Fund managers will have access to wider information sources and professional expertise than officers and while officers will ensure they understand and challenge the processes used by fund managers in their investment decisions, they will not be over-ridden. Where investments are made via an

LGPS pool (LCIV) the pool officers will be performing scrutiny and in depth reviews of fund managers processes to give further assurance.

All investment assets are carried at fair value and fund managers undertake this valuation at least quarterly so year end values will include any known impairment or gain and the impact of market sentiment on pricing.

Responsibility for the Fund's risk management strategy rests with the Joint Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Fund's operations, and reviewed regularly to ensure they reflect changes in activity and market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors, asset classes and manager styles. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of the Fund's assets, looking at overall returns against the actuarial assumptions and the Fund's own appetite for risk and volatility. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund investment strategy.

Other price risk – sensitivity analysis

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for 2026/27, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value at 31 March 2025	Potential Market Movement	Potential Value on Increase	Potential Value on Decrease
	£000	(+/-)	£000	£000
UK Corporate Bonds	315,994	7.1%	338,430	293,558
Multi-Asset Credit	325,657	9.6%	356,920	294,394
Global Equity	1,809,059	19.2%	2,156,398	1,461,720
Pooled Property Investments	151,566	13.0%	171,270	131,862
Private Debt (UK)	71,229	10.5%	78,708	63,750
Private Debt (US)	83,431	12.1%	93,526	73,336
Private Equity (UK)	24,916	11.0%	27,657	22,175
Private Equity (US)	18,700	11.0%	20,757	16,643
Infrastructure (UK)	76,963	11.0%	85,429	68,497
Infrastructure (US)	156,813	11.0%	174,062	139,564
Total Value at Risk	3,034,328		3,503,157	2,565,499

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

Asset type	Value at 31 March 2026	Potential Market Movement	Potential Value on Increase	Potential Value on Decrease
	£000	(+/-)	£000	£000
UK Corporate Bonds	315,925	4.9%	331,405	300,445
Multi-Asset Credit	334,158	6.1%	354,542	313,774
Global Equity	1,966,633	14.5%	2,251,795	1,681,471
Pooled Property Investments	145,095	11.7%	162,071	128,119
Private Debt (UK)	67,647	6.1%	71,773	63,521
Private Debt (US)	71,266	7.8%	76,825	65,707
Private Equity (UK)	25,869	20.8%	31,250	20,488
Private Equity (US)	22,941	20.8%	27,713	18,169
Infrastructure (UK)	85,988	10.0%	94,587	77,389
Infrastructure (US)	156,191	10.0%	171,810	140,572
Total Value at Risk	3,191,713		3,573,771	2,809,655

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2026 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate – risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. Interest rates are not currently expected to move more than 100 basis points (1%) from one year to the next although significant market volatility could result in larger movements.

The analysis below assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates. An increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Asset Type	Asset Value 31st		Impact of 1%	
	March 2025	Duration	Increase	Decrease
	£000		£000	£000
Cash *	99,856	n/a	n/a	n/a
UK Corporate Bonds	315,994	6.3	(19,876)	19,876
Multi-Asset Credit	325,657	2.4	(7,898)	7,898
Total	741,507		(27,774)	27,774

Asset Type	Asset Value 31st		Impact of 1%	
	March 2026	Duration	Increase	Decrease
	£000		£000	£000
Cash *	151,590	n/a	n/a	n/a
UK Corporate Bonds	315,925	5.9	(18,640)	18,639
Multi-Asset Credit	334,158	2.4	(7,958)	7,959
Total	801,673		(26,598)	26,598

*Cash includes both investment cash included in Investment Assets and operational cash included within Current Assets on the Net Asset Statement as operational cash is held in an instant access interest bearing account overnight so will also be subject to interest rate risk.

Asset Type	Interest Receivable		Impact of 1%	
	2024/25		Increase	Decrease
	£000		£000	£000
Cash and Cash Equivalents	(5,530)		(55)	55
Private Debt	(18,993)		(190)	190
Total	(24,523)		(245)	245

Asset Type	Interest Receivable		Impact of 1%	
	2025/26		Increase	Decrease
	£000		£000	£000
Cash and Cash Equivalents	(5,334)		(53)	53
Private Debt	(11,471)		(115)	115
Total	(16,805)		(168)	168

While the fair value of fixed interest investments will change as changes in interest rates make the fixed rate return more or less attractive to investors, the interest receivable will not change. These are therefore excluded from the second set of tables.

Private debt is included as while carrying value will not change directly with interest rate changes, the debt is variable rate and so income will change.

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10% although significant market volatility could result in much larger movements. A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

	Asset Value at 31st March 2025	Potential Market Movement	Value on Increase	Value on Decrease
Assets Exposed to Currency Risk	£000	(+/-)	£000	£000
Global Equities	1,809,059	10.0%	1,989,965	1,628,153
US Infrastructure	156,813	10.0%	172,494	141,132
US Private Equity	18,700	10.0%	20,570	16,830
US Private Debt	83,431	10.0%	91,774	75,088
Total	2,068,003		2,274,803	1,861,203

Table is represented to separate Private Equity from Infrastructure for consistent reporting with the amended Strategic Asset Allocation approved December 2025.

	Asset Value at 31st March 2026	Potential Market Movement	Value on Increase	Value on Decrease
Assets Exposed to Currency Risk	£000	(+/-)	£000	£000
Global Equities	1,966,633	10.0%	2,163,296	1,769,970
US Infrastructure	156,191	10.0%	171,810	140,572
US Private Equity	22,941	10.0%	25,235	20,647
US Private Debt	71,266	10.0%	78,393	64,139
Total	2,217,031		2,438,734	1,995,328

It should be noted that the Fund has a passive currency hedging programme in place to hedge approximately a 50% proportion of overseas currency exposure on its equity and infrastructure investments and approximately 100% of currency exposure on its Private Debt investments. Therefore the gains and losses on the sterling value of overseas assets quoted above will be offset by the currency hedging arrangement, reducing the volatility associated with foreign exchange rate movements.

b) Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

The Fund has also set a limit of 15% of the total investments to be placed in any one active investment (with LCIV sub funds defined as an investment for this risk control purpose). The Fund has a limit of 25% of total investments with any single manager (with LCIV sub funds defined as a manager for this purpose).

The Fund explicitly accepts credit risk in some of its investment classes, most notably the use of high yield bonds in Multi Asset Credit funds and the Private Debt class. This risk is mitigated by use of a pooled investment vehicle, due diligence by the manager and exposure limits within each pooled vehicle.

The Fund has a 1% allocation to cash in its Investment Strategy (with a tolerance range of 0.5-3% to allow for market movements and cash flow peaks and troughs). The majority of this is designated as investment cash and held in the custodian's AAA rated money market fund, which has its own policies to ensure diversification and achieve LVNAV and AAA status. An operational balance is held in the Fund's bank (NatWest).

The Fund has experienced no defaults from fund managers or bank accounts over the past five years.

Note 27 Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund’s actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The valuation which set the contribution rates for 2025/26 was the valuation as at 31 March 2022. The valuation using 31 March 2025 data was undertaken during 2025/26 with the revised Rates and Adjustments Certificate issued by the actuary setting contribution rates to be paid from 1 April 2026. Both sets of data are reported here to cover the year of account and the forward looking position referred to in **Error! Reference source not found..**

The key elements of the funding policy are:

- 1) to ensure the long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- 2) to ensure that employer contribution rates are as stable as possible
- 3) to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- 4) to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so and
- 5) to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayers of the administering authority from an employer defaulting on its pension obligations.

Using the agreed assumptions, the Fund had assets sufficient to cover 116% of the accrued liabilities as at 31 March 2022. This shows an improvement since the 2019 valuation where the funding level was 105%. The 2025 valuation showed further improvement with 121% funding level. This higher funding level is reflected in the total contribution rates set for 1 April 2026 onwards, along with the benefit from improved market conditions at 31 March 2025 including financial assumptions for the discount rate and CPI and pay inflation, and increased costs due to higher than anticipated pension increases and life expectancy increases.

The Fund has achieved solvency based on current conditions at valuation date with some margin for adverse change. This overall position does not apply equally to all employers within the Fund with some requiring deficit payments while others receive a small reduction based on their surplus position.

In addition to the primary contribution rate, most employers will also pay a secondary contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the actuarial valuation report and the funding strategy statement on the website of the Fund’s Administering Authority.

The average employer’s primary contribution rate across the Fund are :

Triennial Valuation at	Sets Rates for	Primary Rate
31 March 2019	2020/21 - 2022/23	19.6%
31 March 2022	2023/24 - 2025/26	20.0%
31 March 2025	2026/27 - 2028/29	15.8%

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

31 March 2019		31 March 2022		31 March 2025	
% p.a.	Assumptions as at	% p.a.		% p.a.	
3.6%	Salary Increases	3.9%		3.7%	
2.6%	Pensions Increases (CPI)	2.9%		2.7%	
4.5%	Discount Rate / Return	4.4%		5.1%	

Demographic assumptions

The assumed life expectancy from age 65 is as follows:

31 March 2019	Life Expectancy from age 65	31 March 2022	31 March 2025
Current Pensioners:			
21.7 years	- Male	21.0 years	22.4 years
24.3 years	- Female	23.5 years	24.8 years
Future Pensioners:			
23.1 years	- Male	22.3 years	24.0 years
25.8 years	- Female	24.9 years	26.5 years

The 2022 mortality assumptions use 2021 Continuous Mortality Investigation (CMI) Model with long term rate of improvement of 1.25% p.a. with no initial addition to improvements. The 2025 mortality assumptions use the 2024 CMI with long term rate of improvement of 1.5% p.a. with no initial addition to improvements.

Commutation assumption

It is assumed that future retirees will take 50% of the maximum additional tax-free lump sum.

50:50 option

Take up of 50:50 is based on historic member data.

Note 28 Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS 19 basis every year. This uses the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 27). The actuary has also valued ill health and death benefits in line with IAS 19.

31 March 2025		31 March 2026	
£000		£000	
(2,024,439)	Present value of promised retirement benefits	(2,167,428)	
3,156,015	Fair value of scheme assets (bid value)	3,326,470	
1,131,576	Net Asset / (Liability)	1,159,042	

31 March 2025		31 March 2026
£000		£000
817,934	Opening Asset / (Liability)	1,131,576
(54,713)	Current service cost	(39,369)
(807)	Past service costs including curtailments	(666)
150,323	Interest on assets	182,563
(48,639)	Return on assets less interest	6,211
(108,737)	Interest cost	(115,179)
304,052	Change in financial assumptions	90,816
5,664	Change in demographic assumptions	(55,215)
0	Other actuarial gains/(losses)	869
5,438	Experience gain/(loss) on defined benefit obligations	(102,111)
(1,892)	Administration expenses	(2,202)
62,953	Contributions by employer	61,749
1,131,576	Closing Asset / (Liability)	1,159,042

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the triennial funding valuation (see Note 27) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates. Other key assumptions used are:

31 March 2025		31 March 2026
% p.a.		% p.a.
5.80	Discount rate	6.10
2.90	Pension increase (CPI)	2.90
3.20	Inflation (RPI)	3.30
3.90	Salary increase	3.90

31 March 2025	Life expectancy from age 65 (years)	31 March 2026
	Retiring Today:	
20.7	- Male	22.8
23.3	- Female	25.0
	Retiring in 20 years :	
22.0	- Male	24.3
24.7	- Female	26.7

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance:

- a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £28.9m
- a 0.1% increase in assumed earnings inflation would result in an increase of the pension liability of £1.1m
- a 0.1% increase in assumed pension increases and deferred revaluation would result in an increase in the pension liability of £30.3m
- a one-year increase in assumed life expectancy would increase the liability by approximately £76.8m.

Virgin Media Ruling

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits.

On 5 June 2025 the [Department for Work and Pensions issued a response to this case](#), committing to introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards, leaving scheme obligations unaffected. On 18 September 2025, the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements.

For the LGPS, the Scheme Actuary is the Government Actuary's Department (GAD). GAD are reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board are liaising with GAD on whether the relevant certificates were available for past scheme changes. The Pension Schemes Act was passed 29 April 2026 and included provision for retrospective changes. Therefore Wandsworth Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case.

Note 29 Long Term Assets

LCIV Long Term Capital

31 March 2025		31 March 2026	
£000	LCIV Long Term Capital		£000
300	Founders' Shares (original regulatory capital)		300
0	B Shares (increased regulatory capital)		70
300			370

All London Boroughs were required to deposit regulatory capital with LCIV as a requirement of LCIV's FCA regulation to enable the Fund to participate in LCIV's pooling arrangements. The shares are not tradable but can be redeemed for face value if the Fund were to withdraw from LCIV and so are carried at cost.

This value includes both Wandsworth and Richmond shares due to the Funds having merged in 2016. LCIV confirmed by letter in October 2021 that although the Fund holds 2 boroughs' allocations of initial regulatory capital contribution of £150k, as a "combined shareholder" it has a single vote and would only make a single borough's contribution to increased regulatory capital should this be needed.

The growth in the LCIV's Assets under Management in line with the government's pooling agenda and Fit for the Future has increased the capital LCIV needs to hold to meet FCA regulations. All LCIV funds were asked to contribute £70,312 for the purchase of B shares to meet the increased capital requirement in June 2025.

Long Term Debtors

31 March 2025		31 March 2026	
£000	Long Term Debtors		£000
2,870	Opening Balance		2,858
140	Lifetime tax allowance paid in year		86
(152)	Recovery from pension in year		(156)
2,858			2,788

Note 30 Current Assets & Liabilities

Balance at 31 March 2025 £000		Balance at 31 March 2026 £000
Current Assets		
1,183	Cash at Bank	703
1,159	Contributions Due	2,079
455	Contributions Due from Richmond & Wandsworth	280
54	VAT recovery due	12
221	Overpaid Pensions	288
101	Sundry Debtors	83
1,990		2,742
Current Liabilities		
(10)	Unpaid Benefits	(114)
(147)	Fund Managers' fees	(180)
(1,205)	Amount Due to Richmond & Wandsworth	(1,411)
(1,393)	Amount Due to HMRC	(1,535)
(85)	Pensions Due to Estate of deceased pensioner	(295)
(267)	Sundry Creditors	(270)
(3,107)		(3,805)

Note 31 Additional Voluntary Contributions

Some staff choose to invest in Additional Voluntary Contributions (AVCs) with the Prudential, Clerical Medical or Utmost Life and Pensions. AVCs are entirely separate from the Fund Accounts but are reported here in a note in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions Paid 2024/25 £000	Market Value 31 March 2025 £000	Provider	Contributions Paid 2025/26 £000	Market Value 31 March 2026 £000
98	486	Clerical Medical	131	676
0	471	Utmost	0	477
1,630	4,957	Prudential	1,929	6,110
1,728	5,914	Total	2,060	7,263

Note 32 Agency Services

The Wandsworth Pension Fund pays discretionary awards to former employees of London Borough of Richmond and some associated employers of the ex-LB Richmond Fund to which this Fund is the successor body. The amounts paid are fully reclaimed from the employer bodies. These payments all relate to historic decisions. New discretionary awards are funded by capitalised strain costs paid by the employer at the point of award and the number and value of these payments should therefore decline over time.

The amount paid on behalf of LB Richmond for 2025/26 was £0.834m (£0.867m in 2024/25), with payments on behalf of other employers totalling £829k in 2025/26 (£115k in 2024/25).

Note 33 Related Party Transactions**Governance (Control of the Fund)**

In 2016/17 the London Borough of Richmond upon Thames (RuT) Pension Fund was merged into the Wandsworth Borough Council (WBC) Pension Fund to facilitate a shared staffing arrangement now called the Better Service Partnership (BSP) being set up by the two councils. Under the BSP all former LBR and WBC staff are jointly employed by both councils.

This merged Fund is controlled by the Joint Pensions Committee with six councillors appointed by WBC and three councillors by RuT. Of the nine councillors serving on the Committee at year end, one had a deferred benefit in the scheme. Each member of the Pension Fund Committee is required to declare their interests.

In addition, of the 6 Local Pension Board members during the year, Richard Perry and John Deakins were active members and Chris Jones, Hilary Galloway and Peter Quirk were pensioners in the Fund during 2025/26.

Wandsworth Council and Richmond Council under the Better Service Partnership (BSP)

Wandsworth Pension Fund is administered by Wandsworth Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The key officers responsible for the Pension Fund are all jointly employed as part of the BSP:

- Mrs F Merry (Executive Director of Finance)
- Mr P Guillioti (Director of Financial Services)
- Mr M Doyle (Assistant Director of Pensions Shared Service)
- Ms C Baxter (Head of Pensions Finance)

They are all active members of the LGPS as BSP employees. The BSP is also the single largest employer of active members of the Pension Fund. All contributions owing to and due from the Fund were paid in year.

There are also transactions between the Fund and BSP in respect of the services provided in administering and governance of the Fund, and with the Councils as employers in the Fund.

The Councils' charges for administration of and the provision of associated services to the Fund are included in the totals in Note 12.

This includes an element of the salary of the Executive Director of Finance. Their total remuneration is disclosed in the administering authority's accounts due to their role, and this amount is also shown below. As part of their role relates to the management of the Fund, the appropriate proportion of this is included in the administration charges to the Fund (see Note 12).

2024/25	Salary (including fees and allowances)	Employers pension contribution	Remuneration including pension contributions
Executive Director of Finance - F. Merry	129,750	24,782	154,532

2025/26	Salary (including fees and allowances)	Employers pension contribution	Remuneration including pension contributions
Executive Director of Finance - F. Merry	142,691	27,254	169,945

The Fund is controlled by Joint Pensions committee which has membership from both councils. The employer's contributions made by both councils and the BSP in year are as follows:

2024/25	WBC	RuT	BSP
Employer's contributions	£000	£000	£000
- Normal	8,223	5,565	32,361
- Deficit	(1,737)	737	(826)
- Augmentation (Strain costs)	255	70	950
Total	6,741	6,372	32,485

2025/26	WBC	RuT	BSP
Employer's contributions	£000	£000	£000
- Normal	7,887	5,506	34,331
- Deficit	(1,701)	729	(876)
- Augmentation (Strain costs)	435	85	1,337
Total	6,621	6,320	34,792

Due to the strong relationship between the Council and the Pension Fund, it is deemed necessary to declare Councillor Govindia's interest as non-executive director of the London CIV until his resignation in 2024. The Fund's investments via the LCIV pool are disclosed in Note 17. Under LGPS regulations in force during 2025/26, the Fund was required to invest via an available regional pool where such exists and offers investments in line with the Fund's investment strategy. As a result of Fit for the Future, further regulations coming into force on 30 June 2026 will require LGPS funds to move all their investments to a regional pool by 30 September 2026.

Note 34 Key Management Personnel

Elected Members do not receive additional allowance for their role in the Pension Fund, although the Chair of Joint Pensions Committee is entitled to a Special Responsibility Allowance of £3,087pa (£2,991 in 2024/25) to cover the additional duties of the role per the agreed [Members Allowances Scheme](#).

Local Pensions Board members are entitled to claim £200 attendance allowance per meeting, so may receive up to £600 per year.

Officers do not receive additional remuneration for their role in the Pension Fund. The charge made by Wandsworth Council for administering the Fund includes the cost of officers, and is disclosed in Note 12.

Note 35 Contingent Liabilities and Contractual Commitments

Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2026 were £90m (\$119m), compared to £115m (\$149m) at 31 March 2025. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the infrastructure, private equity and private debt parts of the portfolio. The amounts 'called' by these funds are irregular in size and timing starting from the date of each original commitment until the funds are fully subscribed.

Contingent Liabilities

Eleven admitted body employers in the Wandsworth Pension Fund have a Council guarantee to guard against the possibility of being unable to meet their pension obligations. The Fund has been given a charge on a property as security against a deferred cessation payment, the value of which has reduced due to improved funding levels at the 2025 valuation. These guarantees are drawn in favour of the Pension Fund in the event of early termination of an admission agreement and payment will only be triggered in the event of employer default. No such defaults have occurred in 2025/26 or 2024/25.

Contingent Assets

The Fund is party to a class action complaint against BHP Billiton Ltd. (BHP) relating to financial losses suffered from holding BHP stock where BHP made intentionally false representations thereby failing in their duty to notify the market of significant information. The case was settled without admission of liability by BHP in December 2025. The Fund's initial potential recovery was estimated at around \$263k to \$759k (Australian dollars) by Grant & Eisenhofer who are representing the applicants. Under the terms of the settlement the final assessment is \$11k or £6k.

Note 36 Accounting Standards Issued but Not Adopted

The CIPFA Bulletin 26 Closure of the 2025/26 Financial Statements introduces changes in Accounting Policies which need to be disclosed in the 2025/26 financial statements per the 2025/26 Code. The Fund is required to disclose information relating to the expected impact of the accounting changes on the financial statements next year.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024 – The Pension Fund does not recognise any Heritage Assets.
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024 – Accounting policies have been updated to disclose the derecognition of financial liabilities settled by electronic payment, which has no material impact on the Fund's financial statements.
- c) Annual improvements to IFRS accounting standards Volume 11 issued in July 2024 – Volume 11 clarifies five accounting standards, with none of these clarifications having material impact on the Fund's financial statements.
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024 – the Fund does not have any contracts covered by these amendments.

Independent Auditor's Report to the Members of Wandsworth Pension Fund

To follow.

Annual Governance Statement 2025/26

To follow

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

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very 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 of time 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, on the basis of 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.

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.

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, that 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 wholly 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 wholly 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.

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 less 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.

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 BENEFIT

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

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.

INVENTORY (STOCK)

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.

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.

LEASE LIABILITY

A financial obligation to make lease payments, recognised on the balance sheet under IFRS 16.

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 in order to provide for the repayment of loans and other amounts borrowed by the authority.

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 and amortisation.

NET DEBT

The authority's borrowings less cash and liquid resources.

NON-DOMESTIC RATES (NNDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by 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, Government and major preceptors.

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.

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 as a result 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 very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A 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.

RATEABLE VALUE

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

RELATED PARTIES

Related Parties are defined by IAS 24. 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

Material transactions of nature or value between the authority and related parties are shown to ensure that stakeholders are aware when these transactions occur 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

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 back pay expenditure capitalised under Secretary of State Direction.

RIGHT OF USE ASSET

An asset that represents a lessee's right to use a leased asset for the lease term, recognized on the balance sheet under IFRS 16.

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.