

London Borough of Richmond upon Thames

**Accounts
for the year
2025/26**

**Un-Audited
30 June 2026**

www.richmond.gov.uk

Contents

Narrative Report	3
Statement of Responsibilities	11
Comprehensive Income and Expenditure Statement	12
Balance Sheet.....	13
Movement in Reserves Statement	14
Cash Flow Statement	16
Note 1 - Accounting Policies	17
Note 2 - Accounting Standards Issued, Not Adopted	40
Note 3 - Critical Judgements in Applying Accounting Policies.....	40
Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	41
Note 5 - Material Items of Income and Expense	43
Note 6 - Events After the Balance Sheet Date	43
Note 7 - Expenditure and Funding Analysis.....	44
Note 8 - Expenditure and Income Analysed by Nature	46
Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations	47
Note 10 - Transfers to/from Earmarked Reserves.....	49
Note 11 - Other Operating Expenditure	50
Note 12 - Financing and Investment Income and Expenditure	50
Note 13 - Taxation and Non-Specific Grant Income	50
Note 14 – Property, Plant and Equipment.....	51
Note 15 – Infrastructure Assets	54
Note 16 - Heritage Assets	54
Note 17 - Investment Properties	55
Note 18 - Assets Held for Sale.....	56
Note 19 - Financial Instruments.....	56
Note 20 – Debtors.....	57
Note 21 - Debtors for Local Taxation.....	58
Note 22 - Cash and Cash Equivalents.....	58
Note 23 - Creditors.....	58
Note 24 – Provisions	58
Note 25 - Usable Reserves	60
Note 26 - Unusable Reserves	61
Note 27 - Cash Flow from Operating Activities	64
Note 28 - Cash Flow from Investing Activities	65
Note 29 - Cash Flow from Financing Activities	65
Note 30 – Reconciliation of Liabilities from Financing Activities.....	65
Note 31 - Agency Services.....	66
Note 32 - Pooled Budgets	66
Note 33 - Members’ Allowances.....	68
Note 34 - Officers’ Remuneration.....	68
Note 35 - External Audit Costs	71
Note 36 - Dedicated Schools Grant.....	71
Note 37 - Grant Income	73
Note 38 - Related Parties	74

Note 39 - Capital Expenditure and Capital Financing	76
Note 40 - Leases.....	77
Note 41 - Service Concession Arrangements.....	80
Note 42 - Nature and Extent of Risks Arising from Financial Instruments	82
Note 43 - Pension Schemes Accounted for as Defined Contribution Schemes	87
Note 44 - Defined Benefit Pension Scheme.....	88
Note 45 - Contingent Liabilities	92
Note 46 - Contingent Assets	93
Note 47 - Trust Funds.....	93
Note 48 - Home Loans Unit (HLU).....	93
Note 49 – Group Relationships	94
Collection Fund	97
Notes to the Collection Fund	99
Consolidated Group Accounts	100
Group Comprehensive Income and Expenditure Statement	101
Group Balance Sheet.....	102
Group Movement in Reserves Statement	103
Group Cash Flow Statement	105
Independent Auditor’s Report to Members of London Borough of Richmond upon Thames	106
Annual Governance Statement 2025/26	107
Glossary.....	108

Narrative Report

Introduction

This is the Statement of Accounts of the London Borough of Richmond upon Thames (LB Richmond) 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 LB Richmond.
- The consolidated Group Accounts of LB Richmond.
- 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 GAAP 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.

Organisational Overview

LB Richmond is focused on providing a range of excellent services and delivering against local priorities. The Council’s vision is to be an engaging, open, and innovative Council – one that is fairer, greener and safer for all.

The Council is committed to being an accountable, open Council with empowered communities, using new methods of engagement to deepen conversations with residents.

Each year the Council sets out its priorities for achievement in its Corporate Plan. Over the period to 2026 these are:

<p><u>Making Richmond Green</u></p> <ul style="list-style-type: none"> • Campaign and advocate for action on the climate emergency. • Enhance the natural environment and protect against flooding. • Council operations to be carbon neutral by 2030 – reduce waste, increase recycling, and continue to improve energy efficiency.
<p><u>Making Richmond Safe</u></p> <ul style="list-style-type: none"> • Confront crime and anti-social behaviour. • Be the safest London Borough.
<p><u>Making Richmond Fair</u></p> <ul style="list-style-type: none"> • Bounce back from the pandemic. • Fairer, more accessible, and more inclusive. • Help young people get a great start in life. • Look after those who need the Council’s help. • Get active, run events, have fun. • Invest in the Borough.
<p><u>How We Work</u></p> <ul style="list-style-type: none"> • Make it easier to communicate with the Council and for residents to have their say. • Run the Council efficiently.

Progress on these programmes is reported to Committees on a quarterly basis. The Council will also report against the measures set out in this plan in our quarterly performance reports to Committees. This information is published on the website here:

https://www.richmond.gov.uk/media/2dzd0bha/corporate_plan.pdf

Operational Model

The Council delivers some services itself, commissions others to provide some services on their behalf and 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. It works in partnership with a range of different organisations to plan services that are joined up across the borough, including the Richmond Partnership, Health and Wellbeing and Community Safety. The voluntary sector is both a key partner and provider of services in the Borough.

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

- Adult Social Care and Public Health
- Chief Executive’s Group

- Change and Innovation
- Finance
- Growth and Place
- Resident Services

Education and Children's Services are provided by Achieving for Children (AfC), a community interest company owned by LB Richmond and the Royal Borough of Kingston Upon Thames and, since August 2017, the Royal Borough of Windsor and Maidenhead.

The Council operates a Better Service Partnership (formerly known as the Shared Staffing Arrangement – SSA) with Wandsworth Council. 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 will enable 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, Standards and Statutory Accounts Committee of the Council has responsibility for monitoring the effective development and operation of risk management policies in the Council, making recommendations to the Committees on risk management procedures. The Annual Governance Statement again confirms that the Council's Risk Management Strategy is effective and well embedded into corporate management processes. The latest review of the Council's key risks and mitigating controls will be presented to the Committee in July 2026 and can be found here: <https://cabnet.richmond.gov.uk/documents/s500021271/LBR%20-%20Update%20on%20Review%20of%20Risk%20Management%20-%20July%202026.pdf>

Cost of Living and Inflation

In response to cost of living pressures, the Council set aside £4.5m in an Emergency Funding Reserve since 2022/23 to assist residents and businesses during the crisis. An update paper reported to committee in June 2026 shows a number of initiatives that provide support: <https://cabnet.richmond.gov.uk/documents/s500020901/7%20Cost%20of%20Living%20Support%20Update.pdf>

To date, £4.3m of this funding has been allocated, leaving £0.2m which is being held for programme evaluation costs and towards the costs of the winter fuel scheme. This reserve and the activity of the programme, along with allocations of Household Support Fund, has helped to support thousands of residents through difficult times. The Council has maximised its use of the Household Support Fund, spending in full its allocation of £1.5m in 2025/26. The Emergency Funding Reserve is now closed to new bids and the Cost of Living Programme is transitioning into work to manage the Crisis and Resilience Fund (CRF) and develop the Council's anti-poverty strategy in 2026/27. The CRF replaces the Household Support Fund and Discretionary Housing Payments and will operate for a three year period from April 2026 to March 2029. The Council's allocation for 2026/27 is £1.4m with proposed allocations for 2027/28 and 2028/29 at a similar level.

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, LB Richmond has been significantly impacted by the "Fair Funding" review - the Government's long awaited "once-in-a-generation reset" 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 the Council supports the stated aim of addressing historic underfunding in poorer regions, it is important to underline that the way the LGFS has been calculated and the way transitional protections have been designed have resulted in a rapid, severe and disproportionate reduction in funding for LB Richmond. The Council will have a reduction in funding of around £29m by year three (2028/29), equivalent to a loss of approximately 58% of the Council's core funding allocation. This scale of reduction is not comparable to the national picture. LB Richmond's position is markedly worse, reflecting the cumulative impact of successive national funding distribution changes and overall level of sector funding that does not adequately reflect growing service demand, cost pressures or the limit of council tax as a funding mechanism. The Council will continue to engage with Government on consultations to ensure the best possible outcomes for the Borough

Increase in demand for services

Demand led budgets remain an issue for many services, particularly children's and adult social care and homelessness and their unpredictability poses a challenge for forward financial planning. There is also pressure (in particular in relation to the high needs funding block) on the Dedicated Schools Budget (DSB) which funds schools. The pressures on funding for high needs services are directly related to the levels of need and rising cost of supporting those needs relative to the level of government funding. The overall accumulated deficit upon DSB was £5.4m at 31 March 2026 (£0.2m at 31 March 2025). The cost of High Needs Education and Disabilities (SEND) services, relative to the level of Government funding received by the Council, remains a pressure for Children's Services in 2026/27. The level of grant funding has been frozen at 2025/26 levels but the number of young people requiring support is expected to rise and the average cost of support to increase. The borough is continuing to prioritise implementation of SEND reforms plans whilst meeting the needs of children and young people. 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.

Medium Term Financial Strategy

The Council's 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 and increasing demographic pressures. The 2025 version of the MTFS can be accessed on the Council's website at:

<https://cabnet.richmond.gov.uk/documents/s500017265/Item%2013%20-%20Medium%20Term%20Financial%20Strategy.pdf>. This version was presented to the Finance, Policy and Resources Committee for approval in September 2025, providing an

update on the anticipated funding and expenditure pressures and the latest position on inflation.

Performance

The Corporate Plan sets out the Council's priorities for the year ahead and measures success against those priorities. The Council's strategic projects and programmes are monitored monthly to ensure they are delivering to time and on budget and that the intended outcomes and benefits are achieved. Progress on these programmes is reported to Members on a quarterly basis.

The Council also reports against the measures set out in this plan on an exception basis, in quarterly performance reports to Committees. Where the Council is not on track it outlines the actions being taken to ensure targets are met. This information is published on the Council's website at the following link:

https://www.richmond.gov.uk/council/how_we_work/council_performance.

Financial Performance

Overall, the Council revenue outturn position was a £2.7m net overspend against a total approved budget of £174.5m (1.5%). This is largely due to the ongoing demand pressures in relation to housing the homeless in temporary accommodation and providing the necessary placement costs for our Children Looked After. Within the General Fund there were over and underspends across the Directorates, reflecting the wide range of services provided. The full 2025/26 outturn report can be accessed on the Council's website at:

<https://cabnet.richmond.gov.uk/documents/s500020927/9%202025-26%20Outturn%20-%20Corporate.pdf>

The overall position broken down against each service committee is set out below:

GENERAL FUND	Revised Budget	Actual	Variance
Committee	£'000	£'000	£'000
Adult Social Services, Health and Housing	79,110	81,743	2,633
Transport and Air Quality	(7,589)	(8,069)	(480)
Environment, Sustainability, Culture and Sport	37,902	38,786	885
Education and Children's Services	62,083	63,479	1,396
Finance, Policy and Resources	41,236	40,255	(982)
Total Service Expenditure	212,742	216,193	3,452
Central Items – funding before council tax	(38,254)	(39,045)	(791)
Overall outturn before reserve movements	174,488	177,148	2,661
Brought forward for specific project budgets from 2024/25	0	(308)	(308)
Specific project budgets met from General Fund to carry-forward into 2026/27	0	701	701
Planned use of Financial Resilience Reserve	(4,870)	(4,870)	0
Additional use of Financial Resilience Reserve to balance budget	0	(3,053)	(3,053)
Total	169,617	169,617	0

Revenue Reserves

The Council's General Fund Reserve has increased by £0.4m. This includes a planned drawdown of £0.3m to fund carry forward budgets from 2024/25 and a top up of £0.7m for the carry forward of budgets from 2025/26 to enable the completion of projects. The General Fund Reserve is £11.5m which represents 6.8% of the revised Council Budget Requirement for 2025/26 and is within the guidelines of 5-10% as agreed by the Council.

In response to cost-of-living pressures, the Council originally set aside £4.5m in total in 2022 in an Emergency Funding Reserve to assist residents and businesses during the crisis. In addition to previous years' usage, during 2025/26, £1.1m has been drawn from the Emergency Funding Reserve for cost-of-living related projects, leaving £0.7m for future use.

An initial budget of £1.5m for transformation was developed to deliver the initial 'discovery' phase which included consultancy costs for business case development as well as bringing in new skills and implementation support. A transfer of £1.5m has taken place from the Financial Resilience Reserve to the Invest to Save Reserve to fund this (as outlined within the MTFS report linked above). Costs in relation to both that and the final stages of the Change Programme have been funded by drawing £1.6m from this reserve.

£0.9m has been drawn from the Refugee and Homelessness Support Reserve to support the Council's continued response to Ukraine and wider refugee and homelessness support. This is in addition to a Government Grant received in year for the direct support under the Homes for Ukraine scheme, including thank you payments. The remaining balance of this reserve of £5m will be used to support ongoing service costs associated with supporting all refugees within the borough including any associated homelessness pressures which may materialise where Homes for Ukraine hosting arrangements break down plus any targeted support offered by the Council, with future commitments including the Borough of Sanctuary work.

In addition, the Waste Reserve has been topped up with the contribution received from West London Waste Authority (£1.2m) whilst a drawing of £0.5m has funded the impact of the reduced income as a result of the volatile market for dry mixed recycling. These, along with the funding of the Townmead Road spend to date result in a revised reserve balance of £7.9m.

Capital

The Council spent £66.9m on the capital programme in 2025/26. This is detailed in the table below.

Committee	Revised Budget £000	Outturn £000	Slippage / amendments £000
Adult Social Services, Health and Housing	10,256	7,273	(2,984)
Transport and Air Quality	13,854	13,074	(780)
Environment, Sustainability, Culture and Sports	5,567	2,631	(2,935)
Education and Children's Services	17,822	18,869	1,047
Finance, Policy and Resources	28,493	25,051	(3,442)
Total 2025/26	75,992	66,899	(9,092)

The Council carried out a review of the existing capital budget during 2025/26 which was reported to Committee as part of the capital programme and funding review in February 2026 and updated its capital budget in line with the latest projections at that time.

There was a £3m underspend in Adult Services, Health and Housing with £2.6m of the underspend relating to Resident Services capital schemes, the largest being in relation to Ham Close Affordable Housing Grant. In Environment, Sustainability, Culture and Sport the largest element of the £2.9m underspend was a £2.1m underspend in relation to the investment in leisure centre infrastructure as part of the new service contract. Finance, Policy and Resources underspent by £3.4m overall, despite the bringing forward of £2.4m of spend in relation to Twickenham Riverside. There was £2.5m delay on Ham Close where the work is now expected to take place in 2026/27 as well as slippage on the Twickenham Civic Centre decarbonisation and improvement programme of £1.8m and the wider Council decarbonisation programme of £0.7m

Pensions

The latest triennial valuation was at 31 March 2025. Richmond has been a scheduled body in the Wandsworth Council Pension Fund (the Fund) since October 2016. As at 31 March 2026 the Fund had a net liability (deficit) of £9.4m (£12.4m net liability in 2024/25). This figure is LB Richmond's share of pensions liabilities, so includes Richmond'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 surplus' in pensions funds. This adjustment is known as an 'asset ceiling' adjustment and further explanation can be found in Note 44 of the Accounts.

Current borrowing facilities and capital borrowing

The Council increased its underlying need to borrow (Capital Financing Requirement) by £19.7m during the year to £225.7m. This increase represented part funding for £28.4m of capital spend incurred during the year. The Council's actual borrowing decreased from £111.8m at 31 March 2025 to £105.9m in March 2026. This is due to no new borrowing being taken in 2025/26 and repayment of principal elements of existing borrowing. Details of the Council's capital programme and treasury strategy are reported to Committee every February. These reports give further information on the nature of the capital spend being financed and the decision-making process around how and when to borrow for capital purposes. The February 2026 reports are available on the following link:

<https://cabnet.richmond.gov.uk/ieListDocuments.aspx?CIId=801&MIId=500000589>

Internal and external funds to meet capital and PFI costs

The Council sets a six-year capital programme every February, detailing the current and next five years of planned capital spend. This includes how expenditure will be financed, and the relevant prudential indicators required to enable the Council to ensure all capital borrowing is affordable, sustainable, and prudent. The 2026/27 updated capital programme totals £277.9m over a six-year period.

The Council has two Private Finance Initiative (PFI) projects and recognises £7.9m of long-term liabilities as funding for the care homes and schools' assets acquired under these contracts. The PFI scheme in relation to Residential Care Homes is due to end in July 2026, at

which time the buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration.

The Council implemented IFRS 16 on 1 April 2024/25, with a total lease liability of £21.6m at 31 March 2025. During 2025/26 there was a reduction of £0.7m, leaving a total lease liability of £20.9m at 31 March 2026. Further information can be found in Note 40 of the Accounts.

Outlook

The Council continues to face a range of issues which challenge its financial position, namely:

- Demand led budgets – these remain an issue for many services, particularly adult social care, SEND and homelessness and their unpredictability poses a challenge for forward financial planning. The Transformation Programme includes a Demand Management portfolio to look to address the increased numbers of homelessness being experienced in the borough as well as the increased adult social care client numbers, and increased intensity of care packages across all social care. The programme will review the options to manage that demand and cost.
- A significant reduction in central Government funding as part of the Fair Funding Review 2.0. Richmond's grant funding will fall by £9m in 2026/27, rising to an annual reduction of £29m by 2028/29. Richmond has already delivered substantial efficiencies and savings, however, the Transformation Programme is expected to deliver a further £30m by 2028/29 to help to address the overall budget gap.
- Further detail on all these aspects will be outlined in the MTFS which will be presented to this committee in the Autumn.

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 has:

- 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 the London Borough of Richmond upon Thames as at the 31 March 2025 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. Authorities raise taxation 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.

2024-25				2025-26		
Expenditure £000	Income £000	Net £000	Notes	Expenditure £000	Income £000	Net £000
136,645	(63,699)	72,946		149,821	(69,601)	80,220
258,573	(196,306)	62,267		295,135	(213,891)	81,245
48,360	(22,360)	26,000		50,012	(24,672)	25,340
25,950	(25,514)	436		24,767	(26,540)	(1,773)
101,510	(60,409)	41,101		94,782	(54,587)	40,195
571,038	(368,288)	202,750		614,517	(389,291)	225,227
9,252	(1,735)	7,517	11	10,796	(2,509)	8,287
46,555	(50,173)	(3,618)	12	56,200	(56,065)	135
0	(205,069)	(205,069)	13	0	(205,746)	(205,746)
626,845	(625,265)	1,580		681,513	(653,611)	27,903
		(8,399)	14			2,545
		1,416	44			4,868
		(6,983)				7,413
		(5,403)				35,316

Balance Sheet

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

31 March 2025			31 March 2026
£000	Notes		£000
1,017,198	14, 15	Property, Plant and Equipment	1,031,291
3,544	16	Heritage Assets	3,581
15,935	17	Investment Property	13,368
24		Intangible Assets	24
5,000	19	Long-Term Investments	0
18,871	19	Long-Term Debtors	17,980
1,060,572		Long Term Assets	1,066,244
35,681	19	Short-Term Investments	11,689
3,329	18	Assets Held for Sale	1,360
20		Inventories	15
90,931	20	Short-Term Debtors	96,590
45,351	22	Cash and Cash Equivalents	27,778
175,312		Current Assets	137,432
(6,985)	19	Short-Term Borrowing	(4,485)
(71,686)	23	Short-Term Creditors	(79,013)
(2,504)	24	Provisions	(2,136)
(3,278)	37	Grants Receipts in Advance - Revenue	(3,046)
(84,453)		Current Liabilities	(88,680)
(3,911)	19	Long-Term Creditors	(3,871)
(175)	24	Provisions	(252)
(104,766)	19	Long-Term Borrowing	(101,377)
(40,962)		Other Long-Term Liabilities	(37,640)
(4,502)	37	Donated Assets	(4,502)
(22)	37	Grants Receipts in Advance - Revenue	(24)
(5,034)	37	Grants Receipts in Advance - Capital	(10,587)
(159,372)		Long Term Liabilities	(158,253)
992,059		Net Assets	956,743
(178,979)	25	Usable Reserves	(157,860)
(813,080)	26	Unusable Reserves	(798,883)
(992,059)		Total Reserves	(956,743)

Movement in Reserves Statement

The Movement in Reserves (MiRS) Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with 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 movement in the year following those adjustments.

	<i>Notes</i>	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025		(11,068)	(121,709)	(5,407)	(40,795)	(178,979)	(813,080)	(992,059)
Surplus or deficit on the provision of services	<i>CIES</i>	27,903				27,903		27,903
Other Comprehensive Income / Expenditure	<i>CIES</i>						7,413	7,413
Total Comprehensive Income and Expenditure		27,903	0	0	0	27,903	7,413	35,316
Adjustments between accounting basis and funding basis under regulations	<i>9</i>	(17,295)		129	10,382	(6,784)	6,784	0
Net Increase or Decrease before Transfers to Earmarked Reserves		10,608	0	129	10,382	21,119	14,197	35,316
Transfers to / from Earmarked Reserves	<i>10</i>	(11,001)	11,001			0	0	0
(Increase) or Decrease in 2025-26		(393)	11,001	129	10,382	21,119	14,197	35,316
Balance at 31 March 2026		(11,461)	(110,708)	(5,278)	(30,413)	(157,860)	(798,883)	(956,743)

	<i>Notes</i>	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un- applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024		(11,063)	(129,689)	(729)	(37,787)	(179,268)	(807,388)	(986,656)
Surplus or deficit on the provision of services	<i>CIES</i>	1,580				1,580		1,580
Other Comprehensive Income / Expenditure	<i>CIES</i>						(6,983)	(6,983)
Total Comprehensive Income and Expenditure		1,580	0	0	0	1,580	(6,983)	(5,403)
Adjustments between accounting basis and funding basis under regulations	<i>9</i>	6,395		(4,678)	(3,008)	(1,291)	1,291	0
Net Increase or Decrease before Transfers to Earmarked Reserves		7,975	0	(4,678)	(3,008)	289	(5,692)	(5,403)
Transfers to / from Earmarked Reserves	<i>10</i>	(7,980)	7,980			0	0	0
Increase or Decrease in 2024-25		(5)	7,980	(4,678)	(3,008)	289	(5,692)	(5,403)
Balance at 31 March 2025		(11,068)	(121,709)	(5,407)	(40,795)	(178,979)	(813,080)	(992,059)

Cash Flow Statement

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

2024-25			2025-26
£000	Notes		£000
1,580		Net (surplus) or deficit on the provision of services	27,903
(24,661)		Adjustment to surplus or deficit on the provision of services for noncash movements	(30,263)
27,976		Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	25,302
4,895	27	Net cash flows from operating activities	22,942
(14,055)	28	Net cash flows from investing activities	(21,371)
6,036	29	Net cash flows from financing activities	16,002
(3,124)		Net (increase) or decrease in cash and cash equivalents	17,573
42,227		Cash and cash equivalents at the beginning of the reporting period	45,351
45,351		Cash and cash equivalents at the end of the reporting period	27,778

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 £30m as at 31 March 2027 and £31m as at 31 March 2028. These forecasts include planned external borrowing to fund the Council's capital programme.

The Council thereby 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 investment balances of £40m at 31 March 2026 and the overall limit for total borrowing under the Treasury Management Policy 2026/27 of up to £163m and 2027/28 of up to £167m. All external borrowing was £106m as at 31 March 2026 with no new long term borrowing taken in 2025/26. Borrowing is expected to be taken in 2026/27. This demonstrates that the Council has sufficient liquidity over the going concern period through to 31 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 accrual 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 on 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 a 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 are 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 roundings.

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 amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced 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 accruals basis in the CIES if detailed notification of redundancy has been issued before 31 March (see accounting policy 1.28).

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 working 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 Education and 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:
 - o 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.
 - o Past service cost – the increase in liabilities arising from current year decisions on member benefits (for example a change to years of service earned in earlier years) – debited to the Surplus or Deficit on Provision of Services in the CIES.
 - o 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:
 - o 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.
 - o 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 based on cash flows rather than as benefits that 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 because of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

1.10 Fair value measurement

Some non-financial assets such as surplus assets, 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 authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

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 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 transferring to or from the Financial Instruments Adjustment Account in the MiRS.

Financial Assets

Financial assets are generally classified into two 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 Profit or Loss - assets that do not meet the amortised cost 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.

Financial assets that were previously loans and receivables are now amortised cost and those that were available for sale are now fair value through profit and loss.

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. The Council does not have any capital bearing investment therefore this IFRS does not apply at present.

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 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

Community Infrastructure Levy (CIL) is a planning charge available to local authorities in England and Wales which was introduced by the Planning Act 2008 and came into force on 6 April 2010.

The Council has collected Mayoral CIL on behalf of the Greater London Authority since 2014. CIL collected on behalf of other bodies is treated as an agency transaction and as such only the net cost of administration will be reported in the Council's accounts. The actual amount collected and paid over will not be reported as income and expenditure of the Council but will instead be reported as part of the levying body's accounts.

Deductions are made from the CIL collected in year to fund the costs incurred for administration of the levy, with the remainder retained and applied as and when required for expenditure on infrastructure assets.

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.

Measurement

Heritage Assets will be valued in line with the existing policies for Property, Plant and Equipment if they meet the definition of this asset class. Where they do not fall into this category, they will be valued in line with the insurance valuation. The carrying amounts of Heritage Assets will also be reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's policies on impairment (please see section on Property Plant and Equipment). Heritage Assets with an indefinite life will not be subject to annual depreciation.

The proceeds on the disposal of Heritage Assets are accounted for in accordance with the Council's policies relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

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 licenses) 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 meet 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 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. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for local government bodies, 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 meet 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 where relevant. The Council determines the lease term with reference to the non-cancellable period together with any extension or termination options that the Council 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 straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liabilities are 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 an 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 payment.

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 authority 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 – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the 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, and
- 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 capitalise borrowing costs incurred whilst assets are under construction. More information on the capitalisation of borrowing costs can be found in section 1.31.

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 valuation 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, of 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 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 basis:

- Operational property assets – straight-line allocation over the useful life of the property as estimated by the valuer.
- 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 £10,000 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 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.

1.22 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 transferring back into the General Fund balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

Certain reserves (unusable) 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.

1.23 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.

1.24 Accounting for Schools

The Code requires local authority-maintained schools to be assessed under the control criteria set out in the Code's adoption of IFRS 10 (Consolidated Financial Statements). On this basis, the Council considers that it exercises control over maintained schools and therefore includes income, expenditure, assets, liabilities, reserves and cash flows for these schools within its financial statements.

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.

1.25 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.

1.26 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.

1.27 Long Term Contracts

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

1.28 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into four elements:

- Fair value of the services received during the year – debited to the relevant service in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

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.

1.30 Infrastructure Assets

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

1.31 Capitalisation of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the asset's cost, in accordance with IAS 23 Borrowing Costs. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale (where the construction period exceeds 12 months). The Council will cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Interest and related financing costs incurred during the development of a qualifying asset are added to the asset's carrying value rather than expensed immediately.

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 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 FRS 102 (the Financial Reporting Standard applicable in the UK) – Amendments to Heritage Assets.
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (Financial Instruments Disclosures).
- 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 these 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 around the future funding for local government. In addressing the future risks that arise from this uncertainty the Council believes there are no indications that assets need to be impaired as a result of a need to close facilities and reduce levels of service provision.

Orleans House Trust

The Council has a Trust, Orleans House Trust, that controls donated assets comprising of a historic building, adjacent properties, and an extensive art collection. During 2013/14 an on-going agreement was put in place between the Council and the Trust which records both parties' respective responsibilities in relation to their common purpose. The Trust continues to be assessed as a Subsidiary and has been included in the Council's consolidated Group Accounts on this basis.

Achieving for Children

During 2013/14, the Council and RB Kingston set up the community interest company Achieving for Children (AfC) which provides their Children's Services. From August 2017 RB Windsor and Maidenhead joined the company with respective shares now being 40% for both LB Richmond and RB Kingston, and 20% for RB Windsor and Maidenhead. The aim of AfC continues to be focused on providing high quality frontline services by creating economies of scale and reducing management and overhead costs. All three councils have control over the company and as such it is judged that the company is still a Joint Venture and consolidated Group Accounts continue to be presented in these Accounts.

AfC has been assessed as a going concern. A profit of £6.1m has been reported in 2025/26 (£0.2m loss in 2024/25). The difference between years is due to re-measurement of the pension liability under IAS 19 (Employee Benefits). Equity (AfC's net worth) is reported on the Balance Sheet as at 31 March 2026 as -£3.9m (-£9.9m in 2024/25).

AfC's Balance Sheet also includes a net pension liability of Nil in 2025/26 (£6.7m in 2024/25) due to the effect of the application of the 'asset ceiling' on net assets/ liabilities. The majority of AfC's employees are members of the LGPS which is a defined benefit scheme. When AfC started trading on 1 April 2014, the majority of its staff transferred their employment from the Council into AfC under TUPE, which included transferring their membership of the LGPS to AfC. AfC is an employer in the LGPS scheme; within the two pension funds administered by RB Kingston and Wandsworth Council.

Despite the negative equity position reported the Board and Leadership Team of AfC have made significant progress in identifying how these financial challenges will be met and continue to develop these plans. The Board's MTFs addresses what actions are being taken to reduce their cost base to accommodate proposed reductions in the three main contract prices over the next three years. With the parent councils (including LB Richmond), the Company will revise pension contributions in line with the most up to date actuarial assessment and guidance. An assessment was carried out as at 31 March 2022 and an increased employer contribution rate (19% to 19.9%) was applied from 1 April 2023. The fund is reviewed every three years to determine an appropriate employer contribution rate to ensure that funding is available to meet pension obligations as they become due and a reduced rate of 14.2% will be applied from 1st April 2026 following the latest triennial review. The other two parent councils are also determined to be Going Concerns. AfC is able to borrow from the parent councils under a contractual Revolving Credit Facility to ensure short term cash flow and the councils are contractually committed to procuring children's services from AfC until March 2031 (LB Richmond and RB Kingston) and August 2029 (RB Windsor and Maidenhead).

Better Service Partnership with Wandsworth 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 May 2016 and can be found at the following link at Item 85a Appendix 1 IAA:

<https://cabnet.richmond.gov.uk/ieListDocuments.aspx?CIId=173&MIId=3930&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.

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.

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

Non-Current Assets

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 £0.8m.

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

The Council's external valuer, 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.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex estimates that include:

- the discount rate used
- the projected rate of increase for salaries and pensions
- changes in retirement ages
- changes in mortality rates
- expected returns on investment assets.

The Council's actuary provides advice on these estimates. The effect of changes in individual assumptions can be measured, but the assumptions interact in complex ways. The Council

takes advice from its actuary regarding appropriate assumptions and relies on its actuary for the calculations of their effects.

For 2025/26, the Council's Actuary has reported a net liability (deficit) of £9.4m (£12.4m 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. A sensitivity analysis is provided in Note 44, detailing the effects of changes in these assumptions. 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 a balance of £34.1m in respect of sundry debtors. Of this debt £8.5m is with NHS bodies, Central Government and other local authorities. These are considered as having little or no risk. The remaining debt with commercial bodies and individuals is £25.6m.

There is impairment for doubtful debts of £3.9m. This allowance is regarded as adequate considering historic and recent recovery levels and the current economic climate; any future adverse economic or financial events could impact on the collection of debts. If collection rates were to deteriorate significantly below levels assumed in estimating an impairment allowance, additional amounts may need to be set aside.

Provisions

At 31 March 2026, the Council had an insurance provision of £0.8m (£0.4m 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 balances to ensure they are sufficient. The total provisions balance at the end of 2025/26 is £2.4m (£2.7m at the end of 2024/25).

Interest Rates

The Council has borrowing of £105.9m and investments of £39.5m at 31 March 2026. No new external borrowing has been taken by the Council since December 2019. Financial provision has been made in the Council's future financial plans for interest rates to reduce in 2026/27. The financing of the capital programme for 2026/27 includes an estimated £62.6m of borrowing which will be made up of both internal and external borrowing.

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, there are no material items to disclose (same as 2024/25).

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 2026, 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 five Service Committees. Income and expenditure accounted for under the Code is presented more fully in the CIES. The following table provides an analysis of the adjustments for the EFA:

2024-25			2025-26			
Net Committee Expenditure £000	Adjustments £000	Net CIES Expenditure £000		Net Committee Expenditure £000	Adjustments £000	Net CIES Expenditure £000
75,034	(2,088)	72,946	Adult Social Services, Health and Housing	81,743	(1,523)	80,220
55,132	7,135	62,267	Education & Children's Services	63,479	17,765	81,244
36,066	(10,066)	26,000	Environment	38,786	(13,446)	25,340
(6,343)	6,779	436	Transport and Air Quality	(8,069)	6,296	(1,773)
34,996	6,105	41,101	Finance, Policy and Resources	40,255	(59)	40,196
(33,963)	33,963	0	Central Items	(43,915)	43,915	0
160,922	41,828	202,750	Net Cost of Services	172,279	52,948	225,227
(160,927)	(40,243)	(201,170)	Other Income and Expenditure	(172,671)	(24,653)	(197,324)
(5)	1,585	1,580	Surplus or Deficit on Provision of Services	(392)	28,295	27,903
(140,752)			Opening Combined General Fund Balance	(132,776)		
(5)			Plus / less Surplus or Deficit on the General Fund	(392)		
7,981			Plus / less movements to or from earmarked reserves	11,001		
(132,776)			Total Combined General Fund Balance	(122,167)		

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

2025-26				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Adult Social Services, Health and Housing	4,699	(1,164)	(5,058)	(1,523)
Education and Children's Services	22,279	(2,627)	(1,887)	17,765
Environment	2,024	(959)	(14,511)	(13,446)
Transport and Air Quality	8,626	(297)	(2,033)	6,296
Finance, Policy and Resources	300	(2,037)	1,678	(59)
Central Items	0	0	43,915	43,915
Net Cost of Services	37,928	(7,084)	22,104	52,948
Other Income and Expenditure	0	(717)	(23,936)	(24,653)
Difference between the Statutory Charge and the Surplus or Deficit in the CIES	37,928	(7,801)	(1,832)	28,295
2024-25				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Adults, Health and Housing	1,193	(426)	(2,855)	(2,088)
Education and Children's Services	9,250	(1,006)	(1,109)	7,135
Environment	2,501	(395)	(12,172)	(10,066)
Transport and Air Quality	8,215	(149)	(1,287)	6,779
Finance, Policy and Resources	1,930	2,667	1,508	6,105
Central Items	0	(4,351)	38,314	33,963
Net Cost of Services	23,089	(3,660)	22,399	41,828
Other Income and Expenditure	0	286	(40,529)	(40,243)
Difference between the Statutory Charge and the Surplus or Deficit in the CIES	23,089	(3,374)	(18,130)	1,585

Note 8 - Expenditure and Income Analysed by Nature

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

2024-25		2025-26
£000	Nature of Expenditure or Income	£000
(95,200)	Fees, charges and other service income	(102,513)
(9,839)	Interest and investment income	(4,883)
(188,399)	Income from local taxation	(199,516)
(289,758)	Government grants and contributions	(293,008)
159,467	Employee benefits expenses	161,653
1,013	Support service recharge expenditure	1,439
390,571	Other service expenses	420,250
19,986	Depreciation, amortisation and impairment	31,175
6,222	Interest payments	5,019
9,252	Precepts and levies	9,898
(1,735)	Gain or loss on disposal of non-current assets	(2,509)
0	Other expenditure	898
1,580	Surplus or Deficit for Year	27,903

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 arrive at the resources that are specified by statutory provisions as being available to the authority to meet future expenditure.

2025-26	General Fund Balance £000	Capital Receipts 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)	7,801	0	0	(7,801)
Council tax and NNDR (transfers to or from the Collection Fund)	(498)	0	0	498
Holiday pay (transferred to the Accumulated Absences reserve)	650	0	0	(650)
Transfer of Schools Budget surplus to DSG Unusable Reserve	(5,128)	0	0	5,128
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)	(39,457)	0	(19,548)	59,005
Total Adjustments to Revenue Resources	(36,632)	0	(19,548)	56,180
<u>Adjustments between Revenue and Capital Resources:</u>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,754	(5,754)	0	0
Home Loans Unit Capital Distribution	(770)	770	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	10,856	0	0	(10,856)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,497	0	0	(3,497)
Total Adjustments between Revenue and Capital Resources	19,337	(4,984)	0	(14,353)
<u>Adjustments to Capital Resources:</u>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	7,200	0	(7,200)
Application of capital grants to finance capital expenditure	0	0	29,930	(29,930)
Cash payments in relation to deferred capital receipts	0	(2,087)	0	2,087
Total Adjustments to Capital Resources	0	5,113	29,930	(35,043)
Total Adjustments	(17,295)	129	10,382	6,784

2024-25	General Fund Balance £000	Capital Receipts 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)	3,375	0	0	(3,375)
Council tax and NNDR (transfers to or from the Collection Fund)	(910)	0	0	910
Holiday pay (transferred to the Accumulated Absences reserve)	(542)	0	0	542
Transfer of Schools Budget surplus to DSG Unusable Reserve	(1,395)	0	0	1,395
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)	(11,586)	0	(24,330)	35,916
Total Adjustments to Revenue Resources	(11,058)	0	(24,330)	35,388
<u>Adjustments between Revenue and Capital Resources:</u>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,646	(3,646)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	8,157	0	0	(8,157)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,650	0	0	(5,650)
Total Adjustments between Revenue and Capital Resources	17,453	(3,646)	0	(13,807)
<u>Adjustments to Capital Resources:</u>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(664)	0	664
Application of capital grants to finance capital expenditure	0	0	21,322	(21,322)
Cash payments in relation to deferred capital receipts	0	(368)	0	368
Total Adjustments to Capital Resources	0	(1,032)	21,322	(20,290)
Total Adjustments	6,395	(4,678)	(3,008)	1,291

Note 10 - Transfers to/from Earmarked Reserves

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

	Balance at 1 April 2024	Transfers In 2024-25	Transfers Out 2024-25	Balance at 31 March 2025	Transfers In 2025-26	Transfers Out 2025-26	Balance at 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Financial Resilience Reserve	(27,967)	0	2,440	(25,527)	0	9,423	(16,104)
Waste and Recycling Reserve	(5,819)	(2,114)	726	(7,207)	(1,211)	530	(7,888)
Refugee and Homelessness Support	(6,899)	0	938	(5,961)	0	949	(5,012)
Invest to Save Reserve	(5,839)	0	1,410	(4,429)	(1,500)	1,552	(4,377)
All in One Uplift Projects Reserve	(3,453)	0	243	(3,210)	0	204	(3,006)
Pensions Earmarked Reserve	(3,000)	0	0	(3,000)	0	0	(3,000)
Repairs and Renewals Fund Reserve	(3,182)	(297)	216	(3,263)	(134)	452	(2,945)
Climate Emergency Strategy	(2,715)	0	747	(1,968)	0	340	(1,628)
Richmond CCG Contributions Reserve	(1,142)	0	294	(848)	0	0	(848)
Emergency Funding Reserve	(2,903)	0	1,096	(1,807)	0	1,073	(734)
Other minor earmarked reserves under £500k	(3,554)	(289)	556	(3,287)	(494)	102	(3,679)
Subtotal	(66,473)	(2,700)	8,666	(60,507)	(3,339)	14,625	(49,221)
Section 106 Revenue Contributions Reserve	(24,183)	(3,925)	3,404	(24,704)	(3,438)	1,437	(26,705)
Dedicated Schools Grant Reserve	(12,357)	0	0	(12,357)	0	0	(12,357)
Schools Balances	(7,240)	(110)	274	(7,076)	0	313	(6,763)
Collection Fund Volatility Reserve	(7,074)	(581)	500	(7,155)	(1,043)	2,175	(6,023)
PFI Reserve (Education)	(6,495)	(299)	939	(5,855)	(223)	855	(5,223)
General Insurance Reserve	(4,149)	(184)	444	(3,889)	(296)	699	(3,486)
PFI Reserve (Social Services)	(1,718)	(46)	1,598	(166)	(764)	0	(930)
Total General Fund	(129,689)	(7,845)	15,825	(121,709)	(9,103)	20,104	(110,708)

Note 11 - Other Operating Expenditure

2024-25		2025-26
£000		£000
9,252	Levies	9,898
(1,735)	Gains/losses on the Disposal of Non-Current Assets	(2,509)
0	HLU Capital Distribution	770
0	Other	128
7,517	Total Other Operating Expenditure	8,287

Note 12 - Financing and Investment Income and Expenditure

2024-25		2025-26
£000		£000
5,935	Interest payable and similar charges	5,736
286	Net interest on the net defined benefit liability (asset)	(717)
(9,730)	Interest receivable and similar income	(7,015)
(109)	Income and expenditure in relation to investment properties and changes in their fair value	2,131
(3,618)	Total	135

Note 13 - Taxation and Non-Specific Grant Income

2024-25		2025-26
£000		£000
(160,317)	Council tax income	(169,637)
(28,082)	Non-domestic rates income and expenditure	(29,879)
(3,004)	Non-ringfenced government grants and contributions	(1,698)
(13,666)	Capital grants and contributions	(4,532)
(205,069)	Total	(205,746)

Note 14 – Property, Plant and Equipment

Movements to 31 March 2026	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
Cost or Valuation						
at 31 March 2025	870,029	13,146	20,828	6,607	11,248	921,858
Additions	19,990	963	79	0	13,540	34,572
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(9,022)	0	0	(233)	0	(9,255)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(13,666)	0	0	0	0	(13,666)
Derecognition – disposals	(576)	0	0	(830)	0	(1,406)
Reclassifications and transfer	0	0	0	(160)	0	(160)
at 31 March 2026	866,755	14,109	20,907	5,384	24,788	931,943
Accumulated Depreciation and Impairment						
at 31 March 2025	(3,906)	(9,447)	(101)	0	0	(13,454)
Depreciation charge	(8,985)	(906)	0	0	0	(9,891)
Depreciation written out to the Revaluation Reserve	6,680	0	0	0	0	6,680
Depreciation written out to the Surplus/Deficit on the Provision of Services	683	0	0	0	0	683
Derecognition – disposals	3	0	0	0	0	3
at 31 March 2026	(5,525)	(10,353)	(101)	0	0	(15,979)
Net Book Value at 31 March 2026	861,230	3,756	20,806	5,384	24,788	915,964
Net book value at 31 March 2025	866,123	3,699	20,727	6,607	11,248	908,404

Movements to 31 March 2025	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
Cost or Valuation						
at 1 April 2024	839,057	11,241	20,792	10,340	6,482	887,912
Additions	35,552	1,905	36	0	3,117	40,610
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,429	0	0	368	0	2,797
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,237)	0	0	21	0	(4,216)
Derecognition – disposals	(163)	0	0	(793)	(960)	(1,916)
Reclassifications and transfer	(2,609)	0	0	(3,329)	2,609	(3,329)
at 31 March 2025	870,029	13,146	20,828	6,607	11,248	921,858
Accumulated Depreciation and Impairment						
at 1 April 2024	(1,976)	(8,710)	(101)	(1)	0	(10,788)
Depreciation charge	(8,206)	(737)	0	0	0	(8,943)
Depreciation written out to the Revaluation Reserve	5,607	0	0	0	0	5,607
Depreciation written out to the Surplus/Deficit on the Provision of Services	665	0	0	1	0	666
Derecognition – disposals	4	0	0	0	0	4
at 31 March 2025	(3,906)	(9,447)	(101)	0	0	(13,454)
Net Book Value						
Net book value at 31 March 2025	866,123	3,699	20,727	6,607	11,248	908,404
Net book value at 31 March 2024	837,081	2,531	20,691	10,339	6,482	877,124

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 £0.1m:

2024-25	Capital scheme	2025-26
£000		£000
0	Upper Richmond Road 125 window renewal	710
5,033	Strathmore at Hampton High	702
0	Whitton Community Centre	414
0	York House re-decorations and Electrical lighting re-wiring	138
2,075	Elleray Hall	0
113	Teddington footbridges	0
7,221	Total	1,964

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%	1,538
Land	-4.65%	(3,911)
Industrial	3.84%	1,343
Office	-5.27%	(1,918)
Retail	0.71%	7
Residential	-5.04%	(551)
Residential Land (Greenfield)	-2.40%	(2)
Residential Land (Brownfield)	-4.65%	(55)
Total indexation applied		(3,549)

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.

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
103,725	At 1 April	108,794
12,558	Additions	14,829
(7,489)	Depreciation	(8,296)
108,794	at 31 March	115,327

Infrastructure assets and other property, plant and equipment (Note 14) are combined on the balance sheet as follows:

2024-25		2025-26
£000		£000
108,794	Infrastructure Assets	115,327
908,404	Other Property, Plant and Equipment	915,964
1,017,198	at 31 March	1,031,291

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

Note 16 - Heritage Assets

Movements in heritage assets are as follows:

2025-26	Art Collection	Land and Buildings	Civic Regalia	Total
	£000	£000	£000	£000
Opening Balance	2,761	177	606	3,544
Acquisitions	0	11	0	11
Revaluations	0	30	0	30
Depreciation	0	(4)	0	(4)
Closing Balance	2,761	214	606	3,581

2024-25	Art Collection	Land and Buildings	Civic Regalia	Total
	£000	£000	£000	£000
Opening Balance	2,761	148	606	3,515
Acquisitions	0	37	0	37
Revaluations	0	(5)	0	(5)
Depreciation	0	(3)	0	(3)
Closing Balance	2,761	177	606	3,544

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.

The Council's art collection includes approximately 3,000 paintings from various artists dating back to the early 19th century. These paintings are of landscapes and buildings in and around the surrounding area of the Borough. The collections are held in Orleans House Gallery and York House.

The Civic Regalia were valued externally in 2013 and includes the Mayoral Mace, Mayoral Badge and Mayoral Collaret as well as various other ceremonial items. Valuation is undertaken for insurance purposes and while the estimated value is updated annually on renewal of cover, only valuations used for insurance contract letting are used to update the Asset Register.

The only other heritage asset held is Garrick Temple which is a listed building originally constructed in 1756 and restored in 1999. It is used as a memorial temple and therefore contributes to the history and enhances the knowledge of this region of London.

Heritage assets are held on the Council's asset register. Policies on acquisition, preservation, management and disposal of heritage assets are in line with other asset classes.

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
(878)	Rental income from investment property	(595)
(878)	Net (gain)/loss	(595)

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	
16,705	Opening Balance	15,935	
(770)	Net gains/losses from fair value adjustments	(2,727)	
0	Transfers to / from Property Plant & Equipment	160	
15,935	Balance at the end of the year	13,368	

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. All additions in the year relate to subsequent expenditure. There were no acquisitions of new investment property

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 - Assets Held for Sale

31 March 2025		31 March 2026	
Non-Current		Non-Current	
£000		£000	
0	Balance outstanding at start of year	3,329	
0	Revaluations	(128)	
3,329	Transfers	0	
0	Disposals	(1,841)	
3,329	Balance at the end of the year	1,360	

Note 19 - Financial Instruments

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

	Non-Current Financial Assets						Total
	Investments		Debtors		PFI debtor (VA Schools)		
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	
	£000	£000	£000	£000	£000	£000	£000
Amortised cost	5,000	0	14,713	14,296	4,158	3,684	17,980
Total financial assets	5,000	0	14,713	14,296	4,158	3,684	17,980

Current Financial Assets

	Investments		Debtors		PFI debtor (VA Schools)		Total
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	
	£000	£000	£000	£000	£000	£000	
Amortised cost	35,681	11,689	55,292	62,986	435	474	75,149
Total financial assets	35,681	11,689	55,292	62,986	435	474	75,149

Non-Current Financial Liabilities

	Borrowings		Creditors		Other long-term liabilities		Total
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	
	£000	£000	£000	£000	£000	£000	
Amortised cost	(104,766)	(101,377)	0	0	0	0	(101,377)
Other	0	0	(3,911)	(3,871)	(28,614)	(28,223)	(32,094)
Total financial liabilities	(104,766)	(101,377)	(3,911)	(3,871)	(28,614)	(28,223)	(133,471)

Current Financial Liabilities

	Borrowings		Creditors		Total
	31 Mar 25	31 Mar 26	31 Mar 25	31 Mar 26	
	£000	£000	£000	£000	
Amortised cost	(6,985)	(4,485)	(38,071)	(49,912)	(54,397)
Other	0	0	(5,072)	(1,579)	(1,579)
Total financial liabilities	(6,985)	(4,485)	(43,143)	(51,491)	(55,976)

Income, Expense, Gains and Losses

	Surplus or Deficit on the Provision of Services		Surplus or Deficit on the Provision of Services	
	2024-25		2025-26	
	£000		£000	
Interest Income		(9,730)		(7,015)
Gross Interest Expense		5,936		5,736
Net Interest Expense		(3,794)		(1,279)

Note 20 – Debtors

Debtors		
31 March 2025		31 March 2026
£000		£000
40,252	Trade Receivables	43,428
4,817	Prepayments	5,826
9,924	Other Local Authorities	4,179
12,313	Other Entities and Individuals	14,142
6,209	NHS Bodies	7,656
17,416	Central Government Bodies	21,359
90,931	Total	96,590

Note 21 - 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 £000		31 March 2026 £000
217	Less than three months	249
652	Three to six months	747
1,303	Six months to one year	1,494
6,056	More than one year	6,413
8,228	Total	8,903

Note 22 - 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 £000		31 March 2026 £000
1,451	Cash and Bank balances	1,478
43,900	Short Term Deposits	26,300
45,351	Total Cash and Cash Equivalents	27,778

Note 23 - Creditors

31 March 2025 £000		31 March 2026 £000
(10,008)	Trade payables	(12,681)
(10,582)	Central Government Bodies	(7,655)
(18,787)	Other Local Authorities	(24,509)
(386)	NHS Bodies	(1,595)
(31,923)	Other Entities and Individuals	(32,573)
(71,686)	Total Creditors	(79,013)

Note 24 – Provisions

Short-Term Provisions

2025-26	Central Insurance Fund £000	Business Rates Appeals £000	Other Provisions £000	Total £000
Opening Balance	(233)	(1,833)	(438)	(2,504)
Increase in provision during year	(353)	(754)	0	(1,107)
Utilised during year	0	1,475	0	1,475
Closing Balance	(586)	(1,112)	(438)	(2,136)

2024-25	Central Insurance Fund	Business Rates Appeals	Other Provisions	Total
	£000	£000	£000	£000
Opening Balance	(194)	(2,574)	(491)	(3,259)
Increase in provision during year	(39)	(939)	0	(978)
Utilised during year	0	1,680	53	1,733
Closing Balance	(233)	(1,833)	(438)	(2,504)

Long-Term Provisions

2025-26	Central Insurance Fund	Total
	£000	£000
Opening Balance	(175)	(175)
Increase in provision during year	(77)	(77)
Utilised during year	0	0
Unused Amounts Reversed	0	0
Closing Balance	(252)	(252)

2024-25	Central Insurance Fund	Total
	£000	£000
Opening Balance	(84)	(84)
Increase in provision during year	(91)	(91)
Utilised during year	0	0
Unused Amounts Reversed	0	0
Closing Balance	(175)	(175)

Total Provisions

2024-25	Total Provisions	2025-26
£000		£000
(3,343)	Opening Balance	(2,679)
(1,069)	Increase in provision during year	(1,184)
1,733	Utilised during year	1,475
(2,679)	Closing Balance	(2,388)

Insurance Fund

In common with most local authorities, the Council operates an insurance fund as a means of self-insurance. The fund is actuarially reviewed by an independent third-party organisation periodically, to ensure that it is maintained at an appropriate level. A sufficient insurance fund is held as a provision.

Part of the fund relates to liability insurance claims received and outstanding at 31 March. The value of these claims is held as a provision to meet future expenditure that the fund is likely to incur in meeting any claims below the current self-insured excess of £0.2m (this figure varies slightly, annually, as it is index linked).

A separate aggregate stop loss limit (which varies annually) protects this part of the Fund.

Business Rates Appeals

Business Rate payers have the right to appeal against the rateable value that has been assigned to their premises by the Valuation Office Agency (VOA). The VOA then assesses the appeal and determines its validity. This provision allows for the Council's potential liability in relation to refunds that could be made following successful appeals. The Council's share of the total provision made as at 31 March 2026 is £1.1m, compared to £1.8m for 2024/25. This has been calculated based on appeals outstanding at 31 March adjusted for historic trends.

Note 25 - 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 £000		31 March 2026 £000
(729)	Balance 1 April	(5,407)
(3,645)	Capital Receipts in year	(5,754)
(369)	Deferred Receipts realised	(2,087)
0	Home Loans Unit - Distribution of Capital Receipts	770
(664)	Capital Receipts used for financing	7,200
(5,407)	Balance 31 March	(5,278)

Capital Grants Unapplied

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.

Capital Grants Unapplied		
31 March 2025 £000		31 March 2026 £000
(37,787)	Balance 1 April	(40,795)
(24,331)	Capital grants recognised in year	(19,548)
21,323	Capital grants and contributions applied	29,930
(40,795)	Balance 31 March	(30,413)

Note 26 - Unusable Reserves

31 March 2025 £000		31 March 2026 £000
(516,117)	Revaluation Reserve	(508,166)
(311,162)	Capital Adjustment Account	(309,045)
12,350	Pension Reserve	9,417
(16,031)	Deferred Capital Receipts Reserve	(13,944)
821	Collection Fund Adjustment Account	1,319
4,477	Accumulated Absences Account	3,826
12,582	Dedicated Schools Grant Adjustment Account	17,710
(813,080)	Total	(798,883)

Revaluation Reserve

The revaluation reserve contains the gains made by the authority arising from the 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.

31 March 2025 £000		31 March 2026 £000
(511,646)	Balance 1 April	(516,117)
(25,844)	Upward revaluation of assets	(49,899)
17,444	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	52,444
(8,400)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	2,545
3,929	Difference between fair value depreciation and historical cost depreciation	3,463
0	Accumulated gains on assets sold or scrapped	1,943
3,929	Amount written off to the Capital Adjustment Account	5,406
(516,117)	Balance 31 March	(508,166)

Capital Adjustment Account

The capital adjustment account absorbs the timing differences from the different arrangement 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 amortisations are charged to the CIES Statement. 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
(308,683)	Balance 1 April	(311,162)
16,436	Charges for depreciation and impairment of non-current assets	18,191
3,549	Revaluation losses on non-current assets	13,111
1	Amortisation of intangible assets	1
13,288	Revenue expenditure funded from capital under statute	21,770
1,911	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	3,245
35,185	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	56,318
(3,929)	Adjusting Amounts written out of the Revaluation Reserve	(5,406)
31,256	Net written out amount of the cost of non-current assets consumed in the year	50,912
664	Use of Capital Receipts Reserve to finance new capital expenditure	(7,200)
(21,322)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(29,930)
(8,157)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(10,856)
(5,651)	Capital expenditure charged against the General Fund and HRA balances	(3,497)
(34,466)	Capital financing applied in year:	(51,483)
770	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2,727
(39)	Other movements	(39)
(311,162)	Balance 31 March	(309,045)

Pension Reserve

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

31 March 2025		31 March 2026
£000		£000
14,309	Opening Balance	12,350
1,416	Remeasurements of the net defined benefit (liability)/asset	4,868
13,650	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	9,428
(17,025)	Employer's pensions contributions and direct payments to pensioners payable in the year	(17,229)
12,350	Balance 31 March	9,417

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	
(16,400)	Balance 1 April	(16,031)	
369	Transfer to the Capital Receipts Reserve upon receipt of cash	2,087	
(16,031)	Balance 31 March	(13,944)	

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	
(89)	Balance 1 April	821	
910	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	498	
821	Balance 31 March	1,319	

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	
3,934	Balance 1 April	4,477	
(3,933)	Settlement or cancellation of accrual made at the end of the preceding year	(4,476)	
4,476	Amounts accrued at the end of the current year	3,825	
543	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	(650)	
4,477	Balance 31 March	3,827	

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	
11,187	Balance 1 April	12,582	
1,395	Increase / (Reduction) of Dedicated Schools Grant Deficit	5,128	
12,582	Balance 31 March	17,710	

Note 27 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2025 £000		31 March 2026 £000
(9,723)	Interest received	(6,994)
5,549	Interest paid	5,867
(4,174)	Total	(1,127)

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

31 March 2025 £000		31 March 2026 £000
(16,436)	Depreciation	(18,191)
(3,549)	Impairment and downward valuations	(13,111)
(1)	Amortisation	(1)
(5,463)	(Increase)/decrease in creditors	(14,878)
(558)	Increase/(decrease) in debtors	13,804
(13)	Increase/(decrease) in inventories	(6)
3,375	Movement in pension liability	7,801
(1,911)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(3,245)
(105)	Other non-cash movements charged to the surplus or deficit on provision of services	(2,436)
(24,661)	Total	(30,263)

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 £000		31 March 2026 £000
3,646	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,754
24,330	Any other items for which the cash effects are investing or financing cash flows	19,548
27,976	Total	25,302

Note 28 - Cash Flow from Investing Activities

31 March 2025		31 March 2026
£000		£000
34,340	Purchase of property, plant and equipment, investment property and intangible assets	47,289
422,100	Purchase of short-term and long-term investments	394,100
37	Other payments for investing activities	1,198
(4,015)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,842)
(443,100)	Proceeds from short-term and long-term investments	(423,114)
(23,417)	Other receipts from investing activities	(33,002)
(14,055)	Net cash flows from investing activities	(21,371)

Note 29 - Cash Flow from Financing Activities

31 March 2025		31 March 2026
£000		£000
(200)	Cash receipts of short-term and long-term borrowing	0
3,663	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	5,088
3,864	Repayments of short-term and long-term borrowing	5,758
(1,291)	Other payments for financing activities	5,156
6,036	Net cash flows from financing activities	16,002

Note 30 – Reconciliation of Liabilities from Financing Activities

	31 March 2025	Financing cash flows	Other non- cash changes	31 March 2026
	£000	£000	£000	£000
Long-term borrowing	(104,765)	3,388	0	(101,377)
Short-term borrowing	(6,985)	2,500	0	(4,485)
Lease Liabilities	(21,586)	3,418	(2,708)	(20,876)
On balance sheet PFI Liabilities	(11,031)	1,539	0	(9,492)
Total liabilities from financing activities	(144,367)	10,845	(2,708)	(136,230)

Note 31 - 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 32 - 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 three pooled budget agreements under S75 of the NHS Act 2006 as at 31 March 2026. These are:

The 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 April 2015 with Richmond 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 to keep people independent for as long as possible and prevent unnecessary hospital admissions. The Council is the host for the fund.

2024-25	Better Care Fund	2025-26
£000		£000
(8,735)	Authority Funding	(10,330)
(7,510)	Partner Funding	(7,853)
(16,245)	Total Pooled Funding	(18,183)
8,735	Authority Expenditure	10,330
7,510	Partner Expenditure	7,853
16,245	Expenditure	18,183
0	Net Surplus/Deficit on the Pooled Budget	0
0	Authority Share of the Net Surplus / Deficit	0

The Joint Integrated Rapid Response Service

The Council entered into a S75 agreement with Kingston and Richmond NHS Foundation Trust (KRFT) in April 2024 to operate a Joint Integrated Rapid Response Service. The basis of the funding arrangement is that the Council and KRFT contribute jointly to a pooled budget for the provision. The pooled budget is hosted and managed by KRFT. The purpose is to provide facilities for the prevention of illness, for people who are ill or recovering from illness.

2024-25	Rapid Response Service	2025-26
£000		£000
(1,966)	Authority Funding	(2,026)
(2,002)	Partner Funding	(2,050)
(3,968)	Total Pooled Funding	(4,076)
1,177	Authority Expenditure	1,284
2,420	Partner Expenditure	2,611
3,597	Expenditure	3,895
(371)	Net Surplus/Deficit on the Pooled Budget	(181)
0	Authority Share of the Net Surplus / Deficit	0

Joint Integrated Community Equipment Service

An arrangement between the Council and KRFT where both partners contribute jointly to a pooled budget for the provision of a daily living and nursing equipment service. This service includes minor works adaptations and the servicing of hoists and other equipment. The pooled budget is hosted and managed by LB Richmond and the basis on which costs are shared is reviewed periodically to reflect usage of equipment by different client groups. In October 2011 the Council joined the London Consortium contract for provision of equipment, which is administered by the RB Kensington and Chelsea. LB Richmond pays an administrative fee for governance, overseeing contract compliance and negotiation of equipment prices.

Deficits are shared between the partners based on the agreed percentage split, while any surplus is ringfenced or retained with the pooled fund and used to offset future demand.

2024-25	Joint Integrated Community Equipment Service	2025-26
£000		£000
(623)	Authority Funding	(825)
(788)	Partner Funding	(1,220)
(1,411)	Total Pooled Funding	(2,045)
888	Authority Expenditure	810
1,130	Partner Expenditure	1,215
2,018	Expenditure	2,025
607	Net Surplus/Deficit on the Pooled Budget	(20)
264	Authority Share of the Net Surplus / Deficit	(15)

Note 33 - 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
1,122	Allowances	1,146
1,122	Total Members' Allowances	1,146

Note 34 - Officers' Remuneration

The Council entered into the Richmond and Wandsworth Better Service Partnership (formerly known as the SSA) with Wandsworth Council from 1 October 2016. All tables represent LB Richmond's proportion of the salary costs with the remaining balance being charged to LB Wandsworth. 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 of loss of office	Employers Pension Contributions	Total
		£	£	£	£
Interim Chief Executive - A. Travers	1	96,546	0	18,440	114,987
Former Interim Chief Executive & Former Executive Director of Housing & Regeneration - B. Reilly	2	35,312	0	4,460	39,772
Deputy Chief Executive - A. Popovici	3	15,186	0	2,901	18,087
Executive Director of Children's Services – I. Dodds	4	179,411	0	44,494	223,905
Executive Director of Resident Services and Former Executive Director of Environment and Community Services - P. Chadwick	5	83,803	0	16,006	99,809
Executive Director of Finance - F. Merry	-	83,803	0	16,006	99,809
Executive Director of Adult Social Care and Public Health - J. DeSouza	-	82,424	0	15,743	98,167
Executive Director of Change and Innovation – S. Olsen	-	77,519	0	14,806	92,325
Executive Director of Growth and Place – N. Hussain	6	27,133	0	5,182	32,316
Interim Executive Director of Housing and Regeneration – D. Worth	7	66,374	51,060	12,678	130,112
Assistant Chief Executive - J. Evans	-	62,014	0	11,845	73,859
Director of Public Health	-	63,280	0	12,165	75,445
Director of Practice (Children’s Services)	-	26,405	0	4,693	31,098
		899,211	51,060	179,419	1,129,690
2024-25		Salary & Other Payments	Compensation of loss of office	Employers Pension Contribution	Total
		£	£	£	£
Interim Chief Executive - B. Reilly	2	94,421	0	18,034	112,455
Former Chief Executive – M. Jackson	-	57,959	0	0	57,959
Interim Deputy Chief Executive - A. Popovici	3	19,125	0	3,843	22,967
Executive Director of Children's Services - I. Dodds	4	169,628	0	41,858	211,486
Executive Director of Environment and Community Services - P. Chadwick	5	81,204	0	15,510	96,714
Executive Director of Finance - F. Merry	-	76,203	0	14,555	90,757
Executive Director of Adult Social Care and Public Health - J. DeSouza	-	74,941	0	14,314	89,254
Executive Director of Change and Innovation – S. Olsen	-	73,534	0	14,045	87,579
Assistant Chief Executive - J. Evans	-	60,091	0	11,477	71,569
Director of Public Health	-	61,715	0	11,788	73,503
		768,821		145,424	914,245

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 for Wandsworth only. The Deputy Chief Executive is charged across the Better Service Partnership.

Note 4 – This post works solely for Richmond.

Note 5 – The Former Executive Director of Environment and Community Services became Executive Director of Resident Services from October 25.

Note 6 – The Executive Director of Growth and Place started with the council in December 2025.

Note 7 – The Interim Executive Director of Housing and Regeneration stepped up from his role as Assistant Director of Housing and Regeneration in October 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.

	Number of Employees	
	2024-25	2025-26
£50,001 to £55,000	127	171
£55,001 to £60,000	75	110
£60,001 to £65,000	33	60
£65,001 to £70,000	15	24
£70,001 to £75,000	22	17
£75,001 to £80,000	18	18
£80,001 to £85,000	13	9
£85,001 to £90,000	8	18
£90,001 to £95,000	4	9
£95,001 to £100,000	9	6
£100,001 to £105,000	1	7
£105,001 to £110,000	2	4
£110,001 to £115,000	0	2
£115,001 to £120,000	1	1
£120,001 to £125,000	3	1
£125,001 to £130,000	0	2
£165,001 to £170,000	1	0
£175,001 to £180,000	0	1
Total	332	460

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	3	14	5	8	8	22	79,698	145,449
£20,001 - £40,000	1	2	0	0	1	2	33,872	65,010
£40,001 - £60,000	0	0	0	1	0	1	0	51,060
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	1	0	0	0	1	0	104,589	0
Total	5	16	5	9	10	25	218,159	261,520
Add: Amounts provided for in CIES not included in bandings							81	0
Total cost included in CIES							218,239	261,520

The Council terminated the contracts of a number of employees in 2025/26, incurring liabilities of £0.3m (£0.2m 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 35 - External Audit Costs

The requirement is for disclosure of the fees payable in year, to auditors appointed under the Local Audit and Accountability Act 2014 with regard to external audit services carried out by the appointed auditor under the Code of Audit Practice prepared by the comptroller and auditor general in accordance with Section 18 of the Local Audit and Accountability Act 2014. The Council has incurred the following costs in 2025/26:

2024-25		2025-26
£000		£000
312	Fees payable to external auditors for the current years scale fee	308
140	Fees payable to external auditors for previous years additional fee	94
7	Fees payable in respect of other services provided by external auditors during the year	57
459	Total	459

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 pending council feedback yet to be requested and have therefore been accrued on estimate. 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 36 - 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			(236,843)
Academy and high needs figure recouped for year			86,535
Total DSG after academy and high needs recoupment			(150,308)
Plus: Brought forward from previous year			(10,962)
Agreed initial budgeted distribution in 2025-26	(52,639)	(108,630)	(161,270)
In Year Adjustments	0	328	328
Final budget distribution for year	(52,639)	(108,302)	(160,941)
Less: Actual central expenditure	45,102		45,102
Less: Actual ISB deployed to schools		110,005	110,005
Plus: Local Authority Contribution for 2025-26	0		0
Carry forward to 2026-27	(7,537)	1,703	(5,834)
Plus: Carry forward to 2026-27 agreed in advance			(6,523)
Total DSG Carried Forward to 2026-27			(12,357)
DSG unusable reserve at the end of 2024-25			12,582
Addition to DSG unusable reserve at the end of 2025-26			5,128
Total of DSG unusable reserve at the end of 2025-26			17,710
Net DSG position (deficit) at the end of 2025-26			5,353

DSG Receivable for 2024-25	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for year before Academies and high needs recoupment			(213,354)
Academy and high needs figure recouped for year			78,288
Total DSG after academy and high needs recoupment			(135,066)
Plus: Brought forward from previous year			(12,357)
Agreed initial budgeted distribution in 2024-25	(50,816)	(96,607)	(147,423)
In year adjustments	(960)	154	(806)
Final budget distribution for year	(51,776)	(96,453)	(148,229)
Less: Actual central expenditure	39,327		39,327
Less: Actual ISB deployed to schools		97,745	97,745
Plus: Local Authority Contribution for 24/25	1,200		1,200
Carry forward to 2025-26	(13,649)	1,292	(12,357)
Plus/Minus: Carry-forward to 2025-26 agreed in advance			0
Carry forward to 2025-26			(12,357)
DSG unusable reserve at the end of 2023-24			11,187
Addition to DSG unusable reserve at the end of 2024-25			1,395
Total of DSG unusable reserve at the end of 2024-25			12,582
Net DSG position (deficit) at the end of 2024-25			225

Note 37 - Grant Income

The Council credited the following grants and contributions to Taxation and Non-Specific Grant Income in the CIES:

Represented 2024-25		2025-26
£000		£000
(3,004)	Non-specific revenue grants	(1,698)
(13,666)	Capital grants and contributions	(4,532)
(16,670)	Total	(6,230)

The Council credited the following grants, contributions and donations to Net Cost of Service in the CIES:

Represented 2024-25		2025-26
£000		£000
(135,876)	Dedicated Schools Grant	(148,256)
(44,650)	Housing Benefit Grant	(37,281)
(11,655)	Social Care Grant	(13,418)
(10,673)	Public Health Grant	(11,315)
(1,557)	High Needs Grant	(10,195)
(7,959)	Better Care Fund Grant	(9,372)
(3,977)	Mayor of London's Free School Meals	(3,908)
(2,946)	Homelessness Prevention Grant	(3,807)
(3,161)	Pupil Premium Grant	(3,169)
(2,891)	Market Sustainability and Improvement Fund*	(2,891)
0	EPR Grant	(2,768)
(2,452)	School NNDR	(2,462)
(3,952)	Section 106 Receipts	(2,284)
(426)	Basic Needs Grant	(2,253)
(2,268)	Free School Meals Grant	(2,207)
(2,844)	Disabled Facilities Grant	(1,985)
(2,663)	Other Health Authority Contributions	(1,894)
(1,638)	Schools' Private Finance Initiative Contributions	(1,759)
(1,912)	Core Schools Budget	(1,665)
0	Children's and Families Grant	(1,624)
0	National Insurance Contribution Grant	(1,593)
(1,703)	Household Support Fund	(1,474)
(1,684)	Asylums Seeker Grant	(1,375)
(1,342)	Schools' Private Finance Initiative Grant	(1,342)
(1,047)	Sixth Form Funding Grant	(1,055)
(3,815)	Free School Grant (REEC)	0
(15,510)	Other Grants under £1m	(10,363)
(4,487)	Other Contributions under £1m	(5,065)
(273,088)	Total	(286,780)

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
(420)	Refugee Resettlement Grant	(659)
(2,858)	Other Grants under £500k	(2,387)
(3,278)	Total	(3,046)

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

31 March 2025		31 March 2026
£000		£000
(22)	Section 106 Contributions	(24)
(22)	Total	(24)

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

31 March 2025		31 March 2026
£000		£000
(1,136)	Devolved Formula Capital Grant	(914)
(730)	Brownfield Land Release Funding	(730)
(1,948)	Free School Grant	(8,017)
(549)	Food Waste Collection Grant	(549)
(452)	Other Grants under £500k	(377)
(219)	Other Contributions under £500k	0
(5,034)	Total	(10,587)

Donated Assets

31 March 2025		31 March 2026
£000		£000
(4,502)	Donated Assets	(4,502)
(4,502)	Total	(4,502)

Note 38 - 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 37.

West London Waste Authority (WLWA)

WLWA is a waste disposal authority composed of six London Borough councils: Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond. Councillor J. Neden-Watts is a Council appoint representative. £1.2m was received from WLWA in principal and interest payments and there were expenditure transactions of £9.2m relating to the WLWA contract.

SPEAR

SPEAR is a provider of Homeless and Supported Living Services for residents. Councillor J. Cardy is a trustee of the charity during 2025/26. The Council made payments of £0.9m to SPEAR for grants and contributions to rough-sleeping initiatives. Minimal income for services was received during the year.

South West Middlesex Crematorium Board (SWMCB)

The Board is composed of Councillors of five councils: Ealing, Hillingdon, Hounslow, Richmond, and Spelthorne. Councillors J Coombs and L Pollesche are members on the Board. Ms C. Baxter (Head of Pension Fund & Insurance Accounting) is Treasurer to the Board. There was £0.1m worth of expenditure transactions relating to VAT reimbursements in the year £0.2m of income was received from SWMCB during the year.

Twickenham Business Improvement District and Richmond Business Improvement District

Business Improvement Districts (BID) are not-for-profit organisations led by local businesses that aim to improve and enhance a specific commercial district. Councillor P. Giesler is the Vice Chairman on the board of Richmond BID.

The Council paid £0.8m in BID levy to Richmond BID. Minimal income for services was received during the year.

The Council paid £0.3 in BID levy to Twickenham BID. Minimal income for services was received during the year.

Richmond Housing Partnership (RHP)

Richmond Housing Partnership (RHP) is a registered housing association which provides social housing on behalf of the Council. Councillor N. Baldwin declared to be a leaseholder with RHP. Payments totalling £0.2m were made to RHP for supported and other housing services. The Council received £0.4m from RHP for services provided during the year.

Kingston Hospital NHS Foundation Trust

Kingston Hospital is a general hospital supporting South West London. Councillor P. Allen is an appointed Governor on the Council of Governors. £0.7m was paid to Kingston NHS Foundation for service provision during the year.

London Councils

London Councils is a cross-party organisation that represents the interests of the 32 London boroughs and the city of London corporations. Councillor G. Roberts is an Executive Member (Vice Chair) and a Leaders' Committee Member. The Council paid £2.6m for subscription fees and services, minimal income was received during the year.

Local Government Association (LGA)

The Local Government Association (LGA) is the national membership body for local authorities in England and Wales; it works on behalf of councils to give local government a voice within national government. Councillor G. Roberts is a peer member of the LGA. During the year, the Council received £1.2m income for grants and other funding agreements. Minimal payments were made to LGA during the year.

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 33. During the year, works and services to the net value of £1.6m (£2m in 2024/25) were commissioned for companies, voluntary and similar organisations in which Members declared an interest. Contracts were entered in full compliance with the Council's standing orders. In all instances, transactions were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision. Details of these transactions are recorded in the register of members interest, open to public inspection at the town hall during office hours.

[Note 39 - 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.

Capital Expenditure and Capital Financing

31 March 2025 £000		31 March 2026 £000
174,000	Opening Capital Financing Requirement	206,025
	Capital Investment:	
40,610	Property Plant and Equipment	34,571
12,557	Infrastructure Assets	14,829
37	Heritage Assets	11
13,288	Revenue Expenditure Funded from Capital Under Statute	21,770
66,492	Total Capital Spending	71,181
	Sources of Finance:	
664	Capital receipts	(7,200)
(21,323)	Government Grants and other contributions	(29,930)
	Sums set aside from revenue:	
(5,651)	- Direct revenue contributions	(3,497)
(8,157)	- Minimum revenue provision	(10,856)
(34,467)	Total Sources of Finance	(51,483)
206,025	Closing Capital Financing Requirement	225,723
Explanation of movements in year		
31 March 2025 £000		31 March 2026 £000
16,888	Increase in underlying need to borrow	27,847
23,294	Assets acquired under finance leases	2,707
(8,157)	Other movements	(10,856)
32,025	Increase/(decrease) in Capital Financing Requirement	19,698

Note 40 - Leases**Authority as Lessee**

The Council's lease contracts comprise leases of operational land and buildings, and motor vehicles. As required by IFRS16, 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's below shows the change in values of Right of Use Assets held under leases by the Council:

	31 March 2026		
	Land and Buildings	Vehicles, Plant and Equipment	Total
	£000	£000	£000
Balance at 1 April 2025	24,147	852	24,999
Additions	2,636	72	2,708
Depreciation	(2,419)	(185)	(2,604)
Balance at 31 March 2026	24,364	739	25,103

	31 March 2025		
	Land and Buildings	Vehicles, Plant and Equipment	Total
	£000	£000	£000
Balance at 1 April 2024	25,960	0	25,960
Additions	0	1,023	1,023
Depreciation	(1,813)	(171)	(1,984)
Balance at 1 April 2025	24,147	852	24,999

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.

Maturity Analysis of Lease Liabilities		
31 March 2025		31 March 2026
£000		£000
1,898	Less than one year	562
3,370	One to five years	4,452
16,318	More than five years	15,862
21,586		20,876

Transactions Under Leases

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

Transactions Under Leases		
2024-25		2025-26
£000		£000
1,344	Interest expense on lease liabilities	1,397
	Expense relating to short term leases:	
124	- Short term property leases	515
450	- Vehicle Leases	285
50	- School Leases	11
	Expense Relating to Exempt Leases of Low Value Items	
96	- School Leases	141
4	- Other Property	0
2,068	Total Expense	2,349

Cashflow

The Council had the minimum lease payments for 2025/26.

Cashflow Minimum Lease payments		
31 March 2025 £000		31 March 2026 £000
1,286	Property Leases	1,285
2,282	Short term property leases	2,407
450	Vehicle Leases	304
146	School Leases	172
4,164	Total	4,168

Authority as Lessor - Finance Leases

The gross investment is made up of the following amounts:

31 March 2025 £000		31 March 2026 £000
1,618	Current	1,617
9,377	Unearned finance income	9,257
10,995	Gross investment in the lease	10,874

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

31 March 2025 £000		31 March 2026 £000
121	Not later than one year	121
483	Later than one year and not later than five years	483
10,391	Later than five years	10,270
10,995	Total	10,874

The Council leases out property under operating leases for the provision of community services, economic development purposes and for use by partner organisations. The future minimum lease payments receivable under non-cancellable leases in future years, including sub-lease arrangements are shown below. The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2025/26 £0.3m contingent rents were receivable by the Council (same as 2024/25).

Authority as Lessor - Operating Leases

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

31 March 2025 £000		31 March 2026 £000
2,511	Not later than one year	1,323
5,293	Later than one year and not later than five years	5,321
38,732	Later than five years	38,425
46,536	Total	45,069

Note 41 - Service Concession Arrangements

The Council has two Private Finance Initiative schemes (Primary Schools and Residential Care Homes).

Primary Schools PFI Scheme

2025/26 was the 23rd year of a thirty year PFI contract for the construction and maintenance of six schools in the Borough, four of which are Council owned and two of which are part of voluntary aided (VA) schools. The Council has rights under the contract to use all of the schools. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed in the schools. The buildings and any plant and equipment installed in the schools at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to voluntarily terminate the contract if it compensates the contractor in full for borrowing costs incurred and redundancy costs of relevant employees.

Residential Care Homes PFI Scheme

2025/26 was the final full year of the PFI contract for the construction, maintenance and operation of three care homes. The Council had rights under the contract to use one hundred and seventy-five bed spaces provided, and the remaining forty three beds are marketed privately by the provider. The contract specified minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. During the PFI contract the contractor took on the obligation to construct the homes and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the homes as well as staffing them. As at 1st July 2026 the buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration.

Property Plant and Equipment

Movement in the value of the Council's PFI assets (not including voluntary aided school buildings) over the year are detailed below:

Total Liability - Long and Short Term

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and interest payable whilst the capital expenditure remains yet to be reimbursed. The liability outstanding to pay the contractor for capital expenditure relating to Council assets incurred is as follows:

Movement in PFI Assets

2025-26	Residential Care Homes £000	Primary Schools £000	Total £000
Cost or Valuation			
at 1 April 2025	19,454	20,811	40,265
Additions	0	114	114
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(113)	977	864
at 31 March 2026	19,341	21,902	41,243
Accumulated Depreciation and Impairment			
at 1 April 2025	(133)	(140)	(273)
Depreciation charge	(403)	(430)	(833)
Depreciation written out to the Revaluation Reserve	536	457	993
at 31 March 2026	0	(113)	(113)
Net Book Value			
at 31 March 2026	19,341	21,789	41,130
at 31 March 2025	19,321	20,671	39,992

Movement in PFI Liabilities

2025-26	Residential Care Homes £000	Primary Schools £000	Total £000
Balance outstanding at start of year	(1,172)	(5,267)	(6,439)
Payments during the year	1,172	498	1,670
Balance outstanding at year-end	(0)	(4,769)	(4,769)

Restated

2024-25	Residential Care Homes £000	Primary Schools £000	Total £000
Balance outstanding at start of year	(2,247)	(5,724)	(7,971)
Payments during the year	1,075	457	1,532
Balance outstanding at year-end	(1,172)	(5,267)	(6,439)

This table does not include voluntary aided (VA) school buildings which are not owned or controlled by the Council, and where the Council has legal right to reimbursement from the VA schools for any such costs.

Payments due under PFI Schemes

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability or performance standards. In all other circumstances the payments are fixed. The care home contract has a provision to vary charges based on the usage and configuration of beds from residential, to various types of nursing or other support.

Payments remaining to be made under these PFI contracts at 31 March 2026 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Payments due under PFI schemes - 2025-26

Reimbursement of Capital Expenditure	Residential Care Homes £000	Primary Schools £000	Total £000
Payable within one year	0	543	543
Payable within two to five years	0	2,711	2,711
Payable within six to ten years	0	1,515	1,515
Payable within eleven to fifteen years	0	0	0
Total	0	4,769	4,769

Interest	Residential Care Homes £000	Primary Schools £000	Total £000
Payable within one year	0	393	393
Payable within two to five years	0	1,033	1,033
Payable within six to ten years	0	123	123
Payable within eleven to fifteen years	0	0	0
Total	0	1,549	1,549

Payment for Services	Residential Care Homes £000	Primary Schools £000	Total £000
Payable within one year	10,283	8,456	18,739
Payable within two to five years	0	36,431	36,431
Payable within six to ten years	0	9,859	9,859
Payable within eleven to fifteen years	0	0	0
Total	10,283	54,746	65,029

The service charge above includes payments which do not relate to the financing of Council assets. This therefore includes payments to the school's PFI contractor which will be fully reimbursed by VA schools, including financing of VA buildings.

Note 42 - 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 payment.
- Market risk (interest rate 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 Banks and Building Societies

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 is regularly reviewed at the monthly treasury management team meeting. The 2025/26 policy (published in February 2025) was as follows:

- a) Up to £20m in one country and up to £50m in overseas banks with a minimum sovereign criteria AA (except UK)
- b) Up to 3 years with a limit of £15m. Minimum criteria includes a Fitch rating of F1+ or AA-, Moody's rating of P-1 or Aa3, S&P rating of A-1+ or AA-. In addition, a sovereign rating of AAA (Except UK). Investments for periods longer than 364 days must be authorised by the Executive Director of Finance and investments shall not be longer than 3 years unless fall under exemptions detailed in the treasury management policies.
- c) Up to 1 year with a limit of £5m. Minimum criteria includes a Fitch rating of F1, Moody's rating of P-1 and S&P rating of A-1. In addition, a sovereign rating of AA (except UK).
- d) Up to 6 months with a limit of £5m. Minimum Criteria includes a Fitch rating of F2, Moody's rating of P-2 and S&P rating of A-2. In addition, a sovereign rating of AA.
- e) Up to 3 months with a limit of £5m. Minimum Criteria includes a Fitch rating of F2, Moody's rating of P-2 and S&P rating of A-2. Two out of the 3 rating agencies if the institution is rated by only 2 agencies. In addition, a sovereign rating of AA.
- f) Up to £20m 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.

The above investment criteria shall be regarded as maximum levels and due regard is 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. Any such temporary restrictions applied would be reported to Finance Committee, the Executive and the Council.

Local Authorities Fixed Term deposits

Local authorities and joint authorities are generally not credit rated but are considered stable and secure. No local authority or joint authority has ever defaulted on a loan repayment. Furthermore, the Local Government and Housing Act 1989 (section 47) states that any loan which is not paid back on the due date is a charge on future revenues until such time as it is

discharged in full. Both local and joint authorities are therefore assessed to be very low risk counterparties. Minimum criteria include:

- Whether a clear and fully signed audit opinion has been given (including clear opinions on Going Concern, and Economy, Effectiveness and Efficiency specifically in relation to financial management). Accounts where opinions are not 'clear' due to modified opinions being issued to help audit firms clear their backlog of audits, these organisations will be assessed on their Audit Results Reports individually to determine the basis of any modified opinion.)
- The capital financial requirement compared to long and short term borrowing is under 100% including the relevant new investment
- The authority's council tax requirement is under 10% of the cumulative loan requested. The maximum loan should be the lower of £5m or the 10% Council Tax Requirement.

Officers also check for any negative or concerning news articles, for instance around the issuing of a Section 114 notice.

Money Market Funds and Short Dated Bond Funds

Investments may also be placed directly in commercial sterling money market funds (MMFs) with AAA ratings or short dated bond funds with AA ratings, from one of the three main credit rating agencies. If the MMF fund has more than one rating each rating shall be AAA.

Investments shall be placed in accordance with the following criteria:

- a) MMFs may be either short dated funds with daily liquidity or slightly longer dated funds with short notice periods. The choice of funds is to be determined at the monthly Treasury Management meetings within the Finance Department. Daily operation of the funds is managed by the Treasury Management Team.
- b) The maximum overall limit for short dated bond funds shall be within the overall £20m long term investments total.
- c) The maximum limit for each counterparty shall be £10 million.
- d) For an AA rated short dated bond fund, the maximum investment in any Fund shall not exceed £5 million, or 7.5% of assets under management, whichever is the lower.

The Council currently has seven MMFs open:

- Aberdeen Liquidity Sterling Fund
- Federated Short Term Sterling Prime Fund
- Insight Liquidity Fund
- Morgan Stanley Sterling Liquidity Fund
- Deutsche Sterling Platinum
- JPMorgan Sterling Liquidity Fund
- Goldman Sachs Sterling Liquid Reserves

These limits on amounts to be placed with counterparties are based both on the credit assessment of the counterparty, and with a view to limiting the Council's exposure with any one institution.

Longer Term Investments (Other)

- a) Investments shall be for no longer than two years, unless specifically identified as an exception elsewhere in the treasury management policies. The amount that can prudently be invested for longer than 364 days, but for no longer than two years, must relate to forecasts of investments taking into account foreseeable net spending needs and allowing for adequate reserves and contingencies. As average investment levels are not expected to fall below £80 million over the next two years (as at December 2025), a prudent limit for the maximum amount to be invested for longer than 364 days but for no longer than two years is £20 million. Investments over 364 days shall not exceed £10 million with any individual counterparty.

- b) Investments may be made from cash balances up to an aggregate limit of £20m for around three 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). 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 £10m unless capital appreciation takes an initial investment over that value. Any new investment should not make the cumulative investments higher than 15% of total investments or 20% of the lowest cash flow projection over 3 years (inclusive of the year of investment) when placed.

Loans and trade debtors

For loans and trade debtors, customers are assessed, taking into account their financial position, past experience and other factors, with credit limits being set in accordance with internal ratings within parameters set by the Council.

West London Waste Authority

The Council has made a long term loan to West London Waste Authority (WLWA) of £15m to part finance the construction of a new waste facility. This loan was agreed as a Council policy decision as a member of the WLWA and not for investment purposes. WLWA is a waste disposal authority controlled by its six constituent councils; it is therefore assessed to have the same risk as a local authority.

Home Loans Unit Investment Criteria

The Home Loans Unit investment criteria will be the same as the Council's. The Unit is in a position of nearing the end of its life as mortgages are repaid. This means that the balances held will be too low to manage as investments and therefore deemed to be held for cash flow purposes. The Unit distributes mortgage receipts twice a year to London boroughs and therefore needs to hold the balances short term. The Unit currently holds its cash with NatWest, which is part of the NatWest Group. The Unit's deposit account with NatWest is deemed to be a separate account outside the Council's investment total and not included in the Council's counterparty exposure.

South West Middlesex Crematorium Board

The Board invests its cash balance with the Council. Once the balance is passed to the Council, it is included in the Council's cash balance for investment. It will therefore be treated as the Council's investment, and accounted for as such, with the amount showing as due to the Board.

Central government debt management account deposit facility (DMADF)

No maximum limit as DMADF is part of HM Treasury. DMADF deposits and other forms of lending to the UK Government can be considered to be a minimum risk investment.

Longer Term Investments (Non-Specified)

Banks - Longer term investments up to three years and a limit of £15m. Minimum criteria includes a Fitch rating of F1+ or AA, Moody's rating of P-1 or Aa3, S&P rating of A-1+ or AA-. In addition, a sovereign rating of AAA (Except UK).

Local Authorities - Longer term investments up to five years and a limit of £15m.

Non-specified investments must also have 50% of the aggregate total maturing within two years

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The maturity analysis of financial liabilities is as follows (includes both principal and interest payments):

Liquidity Risk	*RESTATED	
	31 March 2025	31 March 2026
	£000	£000
Less than one year	10,365	7,698
Between one and two years	6,604	9,094
Between two and five years	24,469	24,200
More than five Years	42,160	41,542
More than ten years	70,462	62,254
Total	154,060	144,788

*31 March 2025 is restated due to previously excluded interest payments.

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. Treasury policy limits use of variable rate loans to a maximum of 50% of borrowing. The Accountancy Team will monitor interest rates and forecasts to adjust exposures appropriately. Movements in interest rates have a complex impact on the Council. As an example, a decrease in interest rates would have the following effects:

- Borrowing at variable rates - the interest charged to the CIES will decrease.
- Borrowing at fixed rates - the fair value of the borrowing will rise.

- Investments at variable rates - the interest income credited to the CIES will decrease.
- Investments at fixed rates - the fair value of the asset will rise.

Current long-term borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest payable and receivable on variable rate borrowing and investments will be posted to the CIES and affect the General Fund pound for pound.

The Accountancy Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the expenditure projections quarterly during the year and to consider any adverse changes.

31 March 2025	Market Risk - Interest Rate Risk	31 March 2026
£000		£000
11	Increase in interest payable on variable rate borrowings	9
(2,986)	Increase in interest receivable on variable rate investments	(1,802)
(2,975)	Impact on Surplus or Deficit on the Provision of Services	(1,793)

Note 43 - Pension Schemes Accounted for as Defined Contribution Schemes

The Council participates in two Defined Benefit pension schemes which are accounted for as Defined Contribution schemes:

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the DfE. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the cost 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. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a Defined Benefit basis and detailed in the table below. The Council is not liable to the scheme for any other entity's obligations under the plan.

NHS Pension Scheme

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.

The NHS Pension Scheme is an unfunded, multi-employer, defined benefit scheme that covers NHS employees. In the NHS, the scheme is accounted for as if it were a defined contribution scheme. 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. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. The Council is not liable to the scheme for any other entity's obligations under the plan.

	Teacher's Pension Scheme		NHS Pension Scheme	
	2024-25	2025-26	2024-25	2025-26
Total Contributions	£8.8m	£10.7m	£0.07m	£0.02m
Employer's Contribution Rate:				
From 1 April	23.68%	28.68%	14.38%	14.38%
From 1 September	23.68%	28.68%	-	-
Anticipated Employer's Contributions next year	23.68%	28.68%	14.38%	14.38%

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.

The London Borough of Richmond Pension Fund was merged with the Wandsworth Council Pension Fund during 2016/17 under statutory instrument. The Council is now an employer in the Wandsworth Council Pension Fund Scheme which is operated under the regulatory framework for LGPS and the governance of the scheme is the responsibility of Wandsworth Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Joint Pensions Committee within Wandsworth Council.

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. large-scale 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 the amounts required by statute as described in the accounting policies note.

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 planned 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 24.8% of pay, including community schools, from 1 April 2023. A triennial valuation occurred on the 31 March 2025 which will set the contribution rate from the 1st April 2026.

2024-25 LGPS - WBC Pension Fund £000	General Fund Transactions	2025-26 LGPS - WBC Pension Fund £000
Comprehensive Income and Expenditure Statement Cost of Services		
	Service cost comprising:	
12,674	Current service cost	9,324
192	Past service cost	(74)
0	(Gain) / loss from settlements and / or transfers	319
498	Administration expenses	576
286	Net interest expense	(717)
13,650	Total charged to Surplus and Deficit on Provision of Services	9,428
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
	Re-measurement of the net defined benefit liability comprising:	
13,767	Return on plan assets (excluding the amount included in the net interest expense)	(670)
(1,548)	Actuarial gains and losses - experience	35,319
(1,667)	Actuarial gains and losses arising on changes in demographic assumptions	7,334
(80,244)	Actuarial gains and losses arising on changes in financial assumptions	(35,027)
0	Other movements in the liability/(asset)	24
71,108	Change in effect of Asset Ceiling	(2,112)
1,416	Total charged to Other Comprehensive Income and Expenditure Statement	4,868
15,066	Total charged to the Comprehensive Income and Expenditure Statement	14,296

2024-25 LGPS - WBC Pension Fund £000	Movement in Reserves Statement	2025-26 LGPS - WBC Pension Fund £000
(13,650)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(9,428)
	Actual amount charged against the general fund balance for pensions in the year:	
17,025	Employers' contributions payable to scheme	17,229

2024-25 LGPS - WBC Pension Fund £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	2025-26 LGPS - WBC Pension Fund £000
(573,812)	Present value of the defined obligation	(594,547)
825,172	Fair value of plan assets	862,349
(263,710)	Impact of Asset Ceiling	(277,219)
(12,350)	Net (liability) / asset arising from the defined benefit obligation	(9,417)

2024-25 LGPS - WBC Pension Fund £000	Movement in the Value of Scheme Assets	2025-26 LGPS - WBC Pension Fund £000
810,196	Opening Balance	825,172
39,565	Interest income	48,455
(13,767)	Re-measurement gain / (loss): The return on plan assets, excluding the amount included in the net interest expense	670
0	Other gains / (losses)	(24)
17,025	Contributions from employer	17,229
5,147	Contributions from employees into the scheme	5,328
(32,496)	Benefits / transfers paid	(32,430)
(498)	Administration expenses	(576)
0	Assets Extinguished on Settlement	(1,475)
825,172	Closing value of scheme assets	862,349

2024-25 LGPS - WBC Pension Fund £000	Movements in the Fair Value of Scheme Liabilities	2025-26 LGPS - WBC Pension Fund £000
(640,921)	Opening Balance	(573,812)
(12,674)	Current service cost	(9,324)
(30,833)	Interest cost	(32,117)
(5,147)	Contributions from scheme participants	(5,328)
1,548	Re-measurement gains and losses: - Actuarial gains / (losses) from experience	(35,319)
1,667	- Actuarial gains / (losses) from changes in demographic assumptions	(7,334)
80,244	- Actuarial gains / (losses) from changes in financial assumptions	35,027
(192)	Past service cost	74
32,496	Benefits / transfers paid	32,430
0	Liabilities extinguished on settlements	1,156
(573,812)	Balance as at 31 March	(594,547)

The table above shows the amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans.

Reconciliation of Change in Impact of Asset Ceiling

2024-25			2025-26	
LGPS - WBC Pension Fund			LGPS - WBC Pension Fund	
£000			£000	
183,584	Opening Impact of asset ceiling		263,114	
9,018	Interest on impact of asset ceiling		15,621	
70,512	Actuarial losses/(gains)		(2,112)	
263,114	Balance as at 31 March		276,623	

2024-25		Asset Allocation	2025-26	
LGPS - WBC Pension Fund			LGPS - WBC Pension Fund	
£000	%		£000	%
31,816	3.86%	Cash and cash equivalents	34,934	4.05%
472,996	57.32%	Equities	522,480	60.59%
123,057	14.91%	Corporate Bonds	117,912	13.67%
112,156	13.59%	Property	100,396	11.64%
85,147	10.32%	Multi-Asset Funds	86,627	10.05%
825,172	100.00%	Scheme assets	862,349	100.00%

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. Both the LGPS and discretionary benefits liabilities have been estimated by Barnett Waddingham LLP, 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:

2024-25		LGPS - WBC Pension Fund	2025-26	
LBR	BSP		LBR	BSP
		<u>Mortality assumptions</u>		
		<u>Longevity at retirement for current pensioners (years)</u>		
20.7	20.7	Men	22.8	22.8
23.3	23.3	Women	25.0	25.0
		<u>Longevity at retirement for future pensioners (years)</u>		
22.0	22.0	Men	24.3	24.3
24.7	24.7	Women	26.7	26.7
		<u>Other assumptions</u>		
3.20%	3.10%	Rate of inflation (RPI)	3.25%	3.25%
2.90%	2.85%	Rate of inflation (CPI)	2.90%	2.95%
3.90%	3.85%	Rate of increase in salaries	3.90%	3.95%
2.90%	2.85%	Rate of increase in pensions	2.90%	2.95%
5.75%	5.85%	Rate for discounting scheme liabilities	6.25%	6.30%

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.

WBC Fund 2024-25				WBC Fund 2025-26		
£000	£000	£000		£000	£000	£000
0.10%	0.00%	-0.10%	Adjustment to discount rate	0.10%	0.00%	-0.10%
566,067	573,812	581,695	Present Value of Total Obligation	587,041	594,547	602,221
8,819	9,140	10,382	Projected Service Cost	8,326	8,629	8,941
0.10%	0.00%	-0.10%	Adjustment to long term salary increase	0.10%	0.00%	-0.10%
574,488	573,812	573,412	Present Value of Total Obligation	594,813	594,547	594,282
9,140	59,140	9,140	Projected Service Cost	8,629	8,629	8,629
0.10%	0.00%	-0.10%	Adjustment to pension increases & deferred revaluation	0.10%	0.00%	-0.10%
581,510	573,812	566,286	Present Value of Total Obligation	602,434	594,547	588,386
9,585	9,238	8,900	Projected Service Cost	8,965	8,629	8,303
+ 1 Year	None	-1 Year	Adjustment to mortality age rating assumption	+ 1 Year	None	-1 Year
596,167	573,812	552,428	Present Value of Total Obligation	615,762	594,547	574,194
9,588	9,238	8,894	Projected Service Cost	8,910	8,629	8,353

Impact on the Council's Cash Flows

The Council's objectives for the scheme are to keep employers' contributions as a constant a rate as possible while still moving to a projected 100% funded position over a reasonable period. The Council is no longer the administering authority for the Fund it is a member of but does retain representation on the committee of the Fund. The triennial valuation as at 31 March 2022 covers the three years up to the 31 March 2026. This valuation set a rate of 24.8% (24.4% previously). There is no lump sum for the three years from 2023/24 to 2025/26 (£1.3m previously) from the Council including community schools.

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 the total value of all outstanding cases) or from in year budgets, however the Council are not expecting any material cases.

AfC have reported a Nil pension liability in their 2025/26 Accounts compared to £6.7m (liability) in their 2024/25 Accounts. This is due to the effect of the application of the 'asset ceiling' on net assets/ liabilities. As 40% share owners, the Council would be responsible for meeting any share of any future liability or if AfC were to cease trading. AfC have been assessed to be a Going Concern since their inception. Further information on the analysis of AfC's financial position can be found in Note 3.

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 as at 31 March 2026.

Note 47 - Trust Funds

The following table provides a summary of the main trust funds held by the Council and details the total value and movement in year. The trust funds are separate entities, and not part of the Council's single entity CIES or Balance Sheet. Orleans House Trust forms part of the Council's consolidated Group Accounts.

2025-26			
Fund	Income	Expenditure	Assets
	£000	£000	£000
Orleans House	(8)	0	9,003
Other minor trust funds	(9)	11	222
Total	(17)	11	9,225

2024-25			
Fund	Income	Expenditure	Assets
	£000	£000	£000
Orleans House	0	0	9,700
Other minor trust funds	(10)	(32)	268
Total	(10)	(32)	9,968

Note 48 - Home Loans Unit (HLU)

In 1988 the Council took over the responsibility for the former Greater London Council (GLC) mortgage portfolio. The details of the transfer of this function and the terms on which the Council undertakes the functions are set out in the London Government Reorganisation (Mortgages) Order 1988, SI 1988 (1747). The Council administers all transactions, assets and liabilities relating to the previously made mortgages on behalf of all London Borough councils through the HLU. Revenue and capital surpluses are distributed to the councils on the basis set in the SI based on estimates.

No new mortgage advances are made, and all remaining principal are now due. The long-term assets are equity share properties that are 50% owned by the individual mortgagors

and 50% owned by the HLU. Capital receipts on sale of these properties are distributed to these councils at the year-end.

The following table provides detail of the HLU's Balance Sheet:

2024-25		2025-26
£000		£000
5,873	Equity Shares in Property	4,830
5,873	Long Term Assets	4,830
13	Short-Term Investments	14
(4)	Short-Term Debtors	(2)
2,025	Cash and Cash Equivalents	2,897
2,034	Current Assets	2,909
(1,241)	Short-Term Creditors	(2,078)
(1,241)	Current Liabilities	(2,078)
6,666	Net Assets	5,661
(793)	Usable Reserves	(831)
(5,873)	Unusable Reserves	(4,830)
(6,666)	Total Reserves	(5,661)

Note 49 – Group Relationships

Interests in Companies and Other Entities

Orleans House Trust

The Council is the sole trustee of Orleans House Trust. The trust is responsible for the preservation of the bequeathed Orleans House Gallery and art collection. Previously the Council was not able to benefit from the assets of the trust as there was a clear separation between the operations of the trust and the cultural services of the Council. During 2013/14 a formal management agreement was signed which enables the trust and the Council to work more closely together in delivering joint objectives whilst ensuring that the terms of the original bequest are honoured. The agreement ensures that both organisations aims are achieved in the most cost-effective way. The objectives of both organisations are delivered by the same team located at Orleans House premises. The Council continues to assess that the management agreement effectively formalises the sharing of benefits from the assets of the trust and the Council and that this satisfies the conditions for group account reporting. The 2025/26 Accounts therefore present the trust as a Subsidiary of the Council.

Achieving for Children (AfC)

Group Accounts have been included in this Statement of Accounts, recognising the Council's significant interest in AfC which is a joint venture (community interest company) with RB Kingston and RB Windsor and Maidenhead. From the Council's perspective, AfC continues to be a Joint Venture which is consolidated in these Accounts using the equity method. The judgement is made on the basis that AfC being an arrangement under which two (or more) parties have contractually agreed to share control, such that decisions about activities that

significantly affect returns require the unanimous consent of the parties sharing control, and the two founding councils have rights to the net assets of the arrangement. AfC continues to operate at arm's length from the Council and LB Richmond therefore acts as commissioners – commissioning AfC to provide services such as children's social care, adoption, fostering, high quality support for schools, children's centres and support for children with special educational needs, including transport.

Shared Services

Better Service Partnership with Wandsworth Council

As detailed in the Narrative Report, LB Richmond and Wandsworth Council formed Better Service Partnership from 1 October 2016. Where LB Richmond 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 a shared legal service for a sub-regional collaboration of five London boroughs. 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. The aim of the service is to provide more resilient and higher quality legal services than that 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 incurred expenditure of £1m 2025/26 (£1.3m in 2024/25 - restated) in relation to SLLP.

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 (under the Richmond and Wandsworth Better Service Partnership) being the host. SWLAP also includes delivery of audit services to AfC. 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 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 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 spent £1.7m on the Internal Audit and Fraud in 2025/26 and recovered £1.3m from the partnering boroughs (£1.7m expenditure and £1.2m income in 2024/25).

Pension Shared Service

The Pension Shared Service is a five-borough service that administers the LGPS for the London Boroughs of Camden, Merton, Richmond, Waltham Forest and Wandsworth, with Wandsworth Council as the host.

The Council incurred £53k of expenditure in 2025/26 (£73k in 2024/25 - restated) in relation to this service.

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 LB 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 £2.3m in 2025/26 (£2.1m in 2024/25 – adjusted for expanded service).

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 (Non-Domestic Rates - NDR) 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:									
0	0	(205,273)	(205,273)	Council Tax Receivable		0	0	(216,120)	(216,120)
(76,886)	0	0	(76,886)	Business Rates Receivable		(87,294)	0	0	(87,294)
(243)	0	0	(243)	Transitional Protection Payments Receivable		(141)	0	0	(141)
0	(1,828)	0	(1,828)	Business Rates Supplements receivable		0	(2,009)	0	(2,009)
0	0	(6)	(6)	Transfer from General Fund re Covid Hardship		0	0	(28)	(28)
(77,129)	(1,828)	(205,279)	(284,236)	Total amounts to be credited		(87,435)	(2,009)	(216,148)	(305,592)
EXPENDITURE:									
Apportionment of Previous Year Surplus/Deficit:									
(3,087)	0	0	(3,087)	Central Government		1,613	0	0	1,613
(2,807)	0	2,204	(603)	LB Richmond		1,466	0	(1,175)	291
(3,461)	0	561	(2,900)	Greater London Council		1,808	0	(309)	1,499
Precepts, demands and shares:									
27,116	0	0	27,116	Central Government		29,532	0	0	29,532
24,651	0	160,727	185,378	LB Richmond		26,847	0	169,617	196,464
30,403	0	42,274	72,677	Greater London Council		33,112	0	44,203	77,315
Business Rate Supplement:									
0	1,771	0	1,771	Payment to levying authority's Business Rate Supplement Revenue Account			1,979	0	1,979
0	6	0	6	Administrative Costs			6	0	6

Charges to Collection Fund:

989	0	1,834	2,823	Write-offs of uncollectable amounts	173	0	1,958	2,131
(149)	51	962	864	Increase/(decrease) in allowance for impairment	662	24	341	1,027
(2,471)	0	0	(2,471)	Increase/(decrease) in allowance for appeals	(2,402)	0	0	(2,402)
262	0	0	262	Charge to General Fund for allowable collection costs for non-domestic rates	264	0	0	264
71,446	1,828	208,562	281,836	Total amounts to be debited	93,075	2,009	214,635	309,719
(5,683)	0	3,283	(2,400)	(Surplus)/Deficit arising during the year	5,640	0	(1,513)	4,127
4,792	0	(1,913)	2,879	(Surplus)/Deficit brought forward	(891)	0	1,370	479
(5,683)	0	3,283	(2,400)	Movement during the year	5,640	0	(1,513)	4,127
(891)	0	1,370	479	(Surplus)/Deficit carried forward	4,749	0	(143)	4,606

Notes to the Collection Fund

This note shows the calculation of the Council Tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of band D dwellings.

Note 1 – Council Tax Income

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	392	6/9	261	
B	40,001 - 52,000	1,359	7/9	1,057	
C	52,001 - 68,000	9,324	8/9	8,288	
D	68,001 - 88,000	16,745	9/9	16,745	
E	88,001 - 120,000	17,225	11/9	21,053	
F	120,001 - 160,000	11,203	13/9	16,182	
G	160,001 - 320,000	12,549	15/9	20,916	
H	More than - 320,001	3,493	18/9	6,986	
				Adjustment	(1,372)
				Plus Ministry of Defence Properties	25
				Council Tax base	90,141

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	388	6/9	258	
B	40,001 - 52,000	1,366	7/9	1,063	
C	52,001 - 68,000	9,291	8/9	8,259	
D	68,001 - 88,000	16,739	9/9	16,739	
E	88,001 - 120,000	17,101	11/9	20,901	
F	120,001 - 160,000	11,145	13/9	16,098	
G	160,001 - 320,000	12,469	15/9	20,781	
H	More than - 320,001	3,460	18/9	6,920	
				Adjustment	(1,365)
				Plus Ministry of Defence Properties	24
				Council Tax base	89,678

The rateable value of non-domestic properties at 31 March 2026 was £224.6m (£226.1m 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).

Consolidated Group Accounts

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 is required to prepare group accounts where it has any interests in Subsidiaries, Associates, and any Joint 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.

Orleans House Trust

This year the Council has again assessed Orleans House Trust as a Subsidiary as the Council is sole trustee. The trust is responsible for the preservation of the bequeathed Orleans House Gallery and art collection and has a formal management agreement with the Council which sets out roles and responsibilities of both parties to enable the trust and the Council to work more closely together in delivering joint objectives whilst ensuring that the terms of the original bequest are honored.

Achieving for Children (AfC)

During 2013/14, the Council and RB Kingston set up the community interest company Achieving for Children (AfC) which provides their Children's Services. From August 2017 RB Windsor and Maidenhead joined the company with respective shares now being 40% for both LB Richmond and RB Kingston, and 20% for RB Windsor and Maidenhead. The aim of AfC continues to be focused on providing high quality frontline services by creating economies of scale and reducing management and overhead costs. All three councils have control over the company and as such the Council has assessed AfC as a Joint Venture. AfC's Accounts have been prepared in accordance with IFRS.

All three councils also provide a revolving credit facility (short-term cash flow loan) to AfC at market rates, under the terms of the legal agreement signed by all three parties. This loan is shown in the Council's Accounts as a short-term debtor, with a fair value equal to carrying value due to the loan requiring repayment at no more than six monthly intervals. Richmond funded 39% of the loan in 2025/26.

Group Comprehensive Income and Expenditure Statement

2024-25				2025-26		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
136,645	(63,699)	72,946	Adults, Health and Housing	149,821	(69,601)	80,220
258,573	(196,306)	62,267	Education and Children's Services	295,135	(213,891)	81,244
48,436	(22,347)	26,089	Environment, Sustainability, Culture & Sport	50,005	(24,673)	25,332
25,950	(25,514)	436	Transport and Air Quality	24,767	(26,540)	(1,773)
101,510	(60,409)	41,101	Finance, Policy and Resources	94,782	(54,587)	40,195
571,114	(368,275)	202,839	Cost of Services	614,510	(389,292)	225,218
9,252	(1,735)	7,517	Other Operating Expenditure	10,796	(2,509)	8,287
46,555	(50,173)	(3,618)	Financing and Investment Income and Expenditure	56,200	(56,065)	135
0	(205,069)	(205,069)	Taxation and Non-Specific Grant Income	0	(205,746)	(205,746)
626,921	(625,252)	1,669	(Surplus) or Deficit on Provision of Services	681,506	(653,612)	27,894
		(196)	Share of the Surplus / Deficit of Joint Ventures			(3,325)
		1,473				24,569
		(7,788)	Surplus or deficit on revaluation of Property, Plant and Equipment			2,612
		1,416	Remeasurement of the net defined benefit liability / asset			4,868
		282	Share of Other CIES of Joint Ventures			891
		(6,090)	Other Comprehensive Income and Expenditure			8,371
		(4,617)	Total Comprehensive Income and Expenditure			32,940

Group Balance Sheet

Restated		
31 March 2025		31 March 2026
£000		£000
1,025,175	Property, Plant and Equipment	1,039,201
4,536	Heritage Assets	4,573
15,935	Investment Property	13,368
24	Intangible Assets	24
5,000	Long-Term Investments	0
18,871	Long-Term Debtors	17,980
1,069,541	Long Term Assets	1,075,146
35,681	Short-Term Investments	11,689
3,329	Assets Held for Sale	1,360
20	Inventories	15
90,931	Short-Term Debtors	96,590
45,444	Cash and Cash Equivalents	27,879
175,405	Current Assets	137,533
(6,985)	Short-Term Borrowing	(4,485)
(71,686)	Short-Term Creditors	(79,013)
(2,504)	Provisions	(2,136)
(3,278)	Grants Receipts in Advance - Revenue	(3,046)
0	Grants Receipts in Advance - Capital	0
(84,453)	Current Liabilities	(88,680)
(3,911)	Long-Term Creditors	(3,871)
(175)	Provisions	(252)
(104,766)	Long-Term Borrowing	(101,377)
(40,962)	Other Long-Term Liabilities	(37,640)
(4,502)	Donated Assets	(4,502)
(22)	Grants Receipts in Advance - Revenue	(24)
(5,034)	Grants Receipts in Advance - Capital	(10,587)
(3,977)	Share of Joint Venture Liabilities	(1,543)
(163,349)	Long Term Liabilities	(159,796)
997,144	Net Assets	964,203
(179,072)	Usable Reserves	(157,961)
(822,049)	Unusable Reserves	(807,785)
3,977	Share of Joint Venture Reserves	1,543
(997,144)	Total Reserves	(964,203)

Fenella Merry, Executive Director of Finance
30 June 2026

Group Movement in Reserves Statement

	Total Usable Reserves	Unusable Reserves	Authority's Share of Subsidiary & Joint Venture Reserves	Total Reserves
<i>Notes</i>	£000	£000	£000	£000
Balance at 31 March 2025	(178,979)	(813,080)	(5,085)	(997,144)
Surplus or deficit on the provision of services	27,903	0	(3,333)	24,570
Other Comprehensive Income / Expenditure	0	7,413	958	8,371
Total Comprehensive Income and Expenditure	27,903	7,413	(2,375)	32,941
Adjustments between accounting basis and funding basis under regulations	(6,784)	6,784	0	0
Net Increase or Decrease before Transfers to Earmarked Reserves	21,119	14,197	(2,375)	32,941
Balance at 31 March 2026	(157,860)	(798,883)	(7,460)	(964,203)

	Total Usable Reserves	Unusable Reserves	Restated Authority's Share of Subsidiary & Joint Venture Reserves	Total Reserves
<i>Notes</i>	£000	£000	£000	£000
Balance at 31 March 2024	(179,268)	(807,388)	(5,871)	(992,527)
Surplus or deficit on the provision of services	1,580	0	(107)	1,473
Other Comprehensive Income / Expenditure	0	(6,983)	893	(6,090)
Total Comprehensive Income and Expenditure	1,580	(6,983)	786	(4,617)
Adjustments between accounting basis and funding basis under regulations	(1,291)	1,291	0	0
Net Increase or Decrease before Transfers to Earmarked Reserves	289	(5,692)	786	(4,617)
Balance at 31 March 2025	(178,979)	(813,080)	(5,085)	(997,144)

Group Cash Flow Statement

2024-25		2025-26
£000		£000
1,473	Net (surplus) or deficit on the provision of services	24,570
(24,465)	Adjustment to surplus or deficit on the provision of services for noncash movements	(26,938)
27,976	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	25,302
4,984	Net cash flows from operating activities	22,934
(14,055)	Net cash flows from investing activities	(21,371)
6,036	Net cash flows from financing activities	16,002
(3,035)	Net (increase) or decrease in cash and cash equivalents	17,565
42,409	Cash and cash equivalents at the beginning of the reporting period	45,444
45,444	Cash and cash equivalents at the end of the reporting period	27,879

Independent Auditor's Report to Members of London Borough of Richmond upon Thames

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 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.

BETTER SERVICE PARTNERSHIP (BSP)

The shared services partnership between Richmond and Wandsworth Councils. Formerly known as Shared Serves Arrangement (SSA).

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, which have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CONSISTENCY

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

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not 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 enough 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 central Government.

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

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, recognized 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.

NON-DISTRIBUTED COSTS

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

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 the implications.

REMUNERATION

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

RESERVES

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

RESIDUAL VALUE

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

RETIREMENT BENEFITS

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

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and 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.