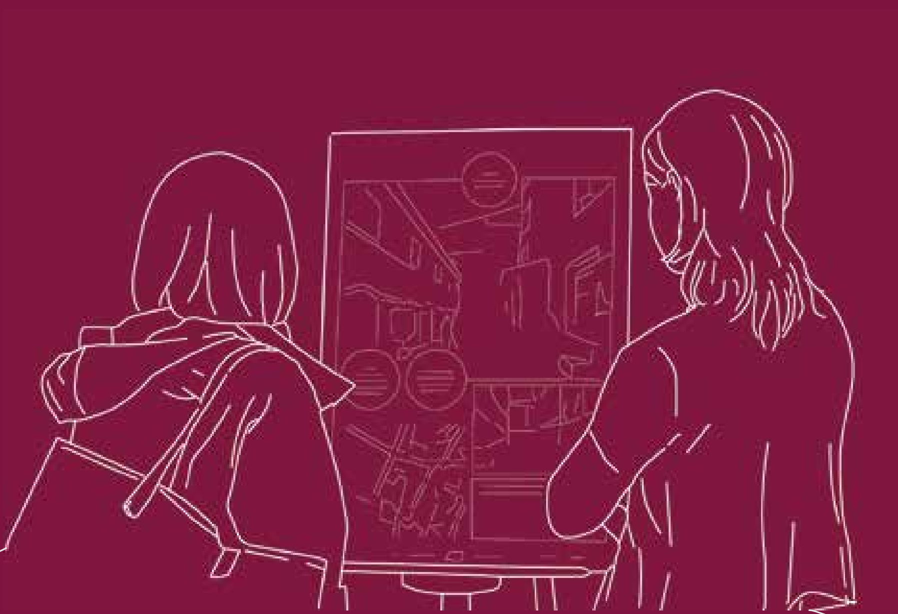

ANNUAL FINANCIAL REPORT 2025/26

FOR THE YEAR ENDED 31 MARCH 2026

Winchester City Council

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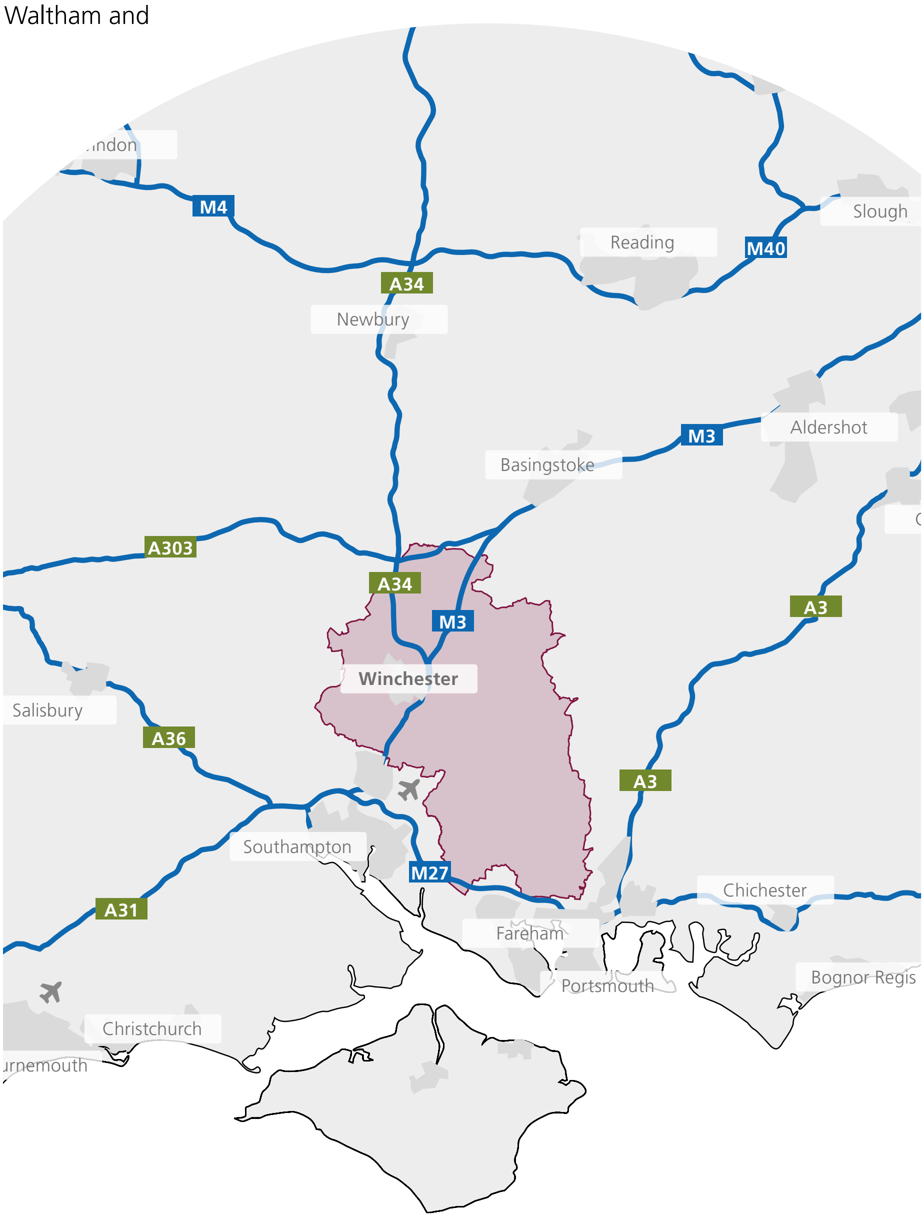
WINCHESTER CITY COUNCIL NARRATIVE STATEMENT 2025/26

THE WINCHESTER DISTRICT

Winchester City Council is one of 11 district and borough councils in Hampshire and serves an estimated population of 138,212 residents.

Winchester is the county town of Hampshire, situated in the heart of the district; it is a designated heritage city and attracts over 5 million visitors each year. In addition to the historic county town there are the busy market towns of Bishop's Waltham and Alresford and the flourishing business district at Whiteley. As well as the urban centres there are many miles of unspoilt countryside - the Winchester District spans 250 square miles of central Hampshire with a substantial part of the district situated within the South Downs National Park.



DISTRICT COVERS **250** SQUARE MILES

POPULATION **138,212** (Population estimate source HCC 2025)

87% OF RESIDENTS AGED 16-64 YRS IN EMPLOYMENT

44.9% OF RESIDENTS QUALIFIED TO NVQ4 AND ABOVE (Source Census 2021)

8,135 BUSINESSES (2025 Office for National Statistics)

59,025 HOMES (HCC 2026 Dwellings Forecast)

ORGANISATION

The council operates a 50/50 hybrid working model, where staff spend a minimum of half their working time in the City Offices in Winchester but, where service operation can accommodate it, staff are able to work remotely for the remainder of the time. This hybrid model is supported by enhanced mobile technology to allow for seamless communication with customers.

The delivery of services is overseen by committees led by Members. The council has adopted the Leader and Cabinet model as its political structure. This means that a councillor is appointed as leader of the executive and is then responsible for appointments to the Cabinet, allocation of portfolios and the delegation of executive functions. A Mayor is also elected by councillors each year to represent the council at civic events and to raise funds for the Mayor's nominated charities. The management of the council is led by the Chief Executive supported by two Strategic Directors.

A two tier system of local government operates in this part of the county, whereby Hampshire County Council provides services such as social care, education and highways and district councils are responsible for the provision of a number of other services such as housing, waste and recycling.

MEMBERS

(FOLLOWING MAY 2026 ELECTIONS)

45 Councillors

16 wards

The political make-up of the council is:

Liberal Democrat	36 Councillors
Green	4 Councillors
Conservative	4 Councillors
Independent	1 Councillor

EMPLOYEES

Chief Executive

2 Strategic Directors

3 Directors

7 Corporate Heads/ Programme Leads

472 employees (428 full time equivalents)

PARTNERSHIPS

The council has a shared Information Management and Technology (IMT) service with Test Valley Borough Council. Hampshire County Council provides internal audit and treasury management services.

SERVICES THE COUNCIL PROVIDES

Revenues & Benefits
Housing options and social inclusion
Housing operations & community safety
Housing property services
New Homes
Engineering & Transport
Community
Economy & Tourism
Development Management
Strategic Planning
Building Control
Environmental Health
Licensing
Parking
Household waste and recycling collections
Special Maintenance

LOCAL GOVERNMENT REORGANISATION AND DEVOLUTION

In December 2024, the Government announced a major programme of reform for local government, including two related but separate initiatives:

1. Devolving powers and funding from Whitehall to local areas by establishing regional Mayoral Strategic Authorities with populations of 1.5 million or more in all areas of England which don't already have them.
2. Creating new unitary local authorities with populations of at least 500,000 that will replace the current two-tier structure of a County Council working with Districts and Borough Councils.

Hampshire County Council and the three existing unitary Councils in Hampshire (Southampton City Council, Portsmouth City Council and Isle of Wight Council) asked to be included in the Government's priority programme for Devolution (DPP) and in February 2025, the Government confirmed that the Hampshire/Solent bid would be included in the priority programme.

The Government asked for work to begin on creating a combined strategic authority for the Hampshire and Solent region, which would be led by an elected Mayor. At the same time, the Government wrote to all the councils in the Hampshire and Solent region (including Winchester City Council) asking them to submit proposals to form new unitary councils.

In September 2025, the council submitted a joint business case to Government proposing the creation of four new unitary authorities for mainland Hampshire. The proposal was backed by the majority of councils in Hampshire. Within this proposal Winchester City Council will merge with the district councils of Test Valley and East Hampshire along with the relevant services from Hampshire County Council, to form a new unitary authority.

In March 2026 the Secretary of State for Secretary of State for Housing, Communities & Local Government, determined that there should be five unitary councils for Hampshire and the Isle of Wight. The new councils will be:

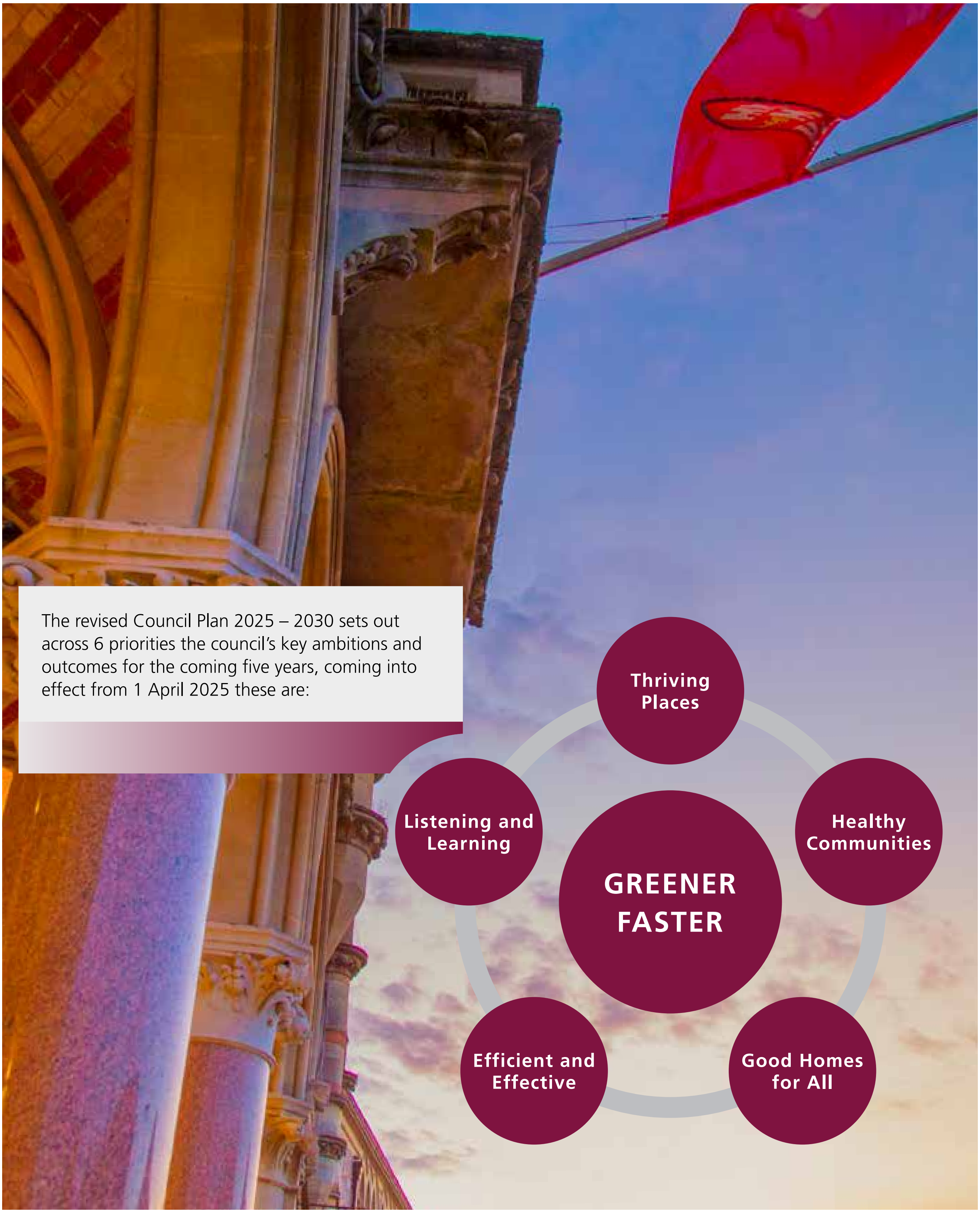
- North Hampshire Council (current local government areas of Basingstoke and Deane, Hart and Rushmoor)
- Mid Hampshire Council (current local government areas of East Hampshire, New Forest, Test Valley and Winchester, less 11 parishes from across all 4 areas)
- South East Hampshire Council (current local government areas from Fareham, Gosport, Havant, Portsmouth, plus 3 parishes from East Hampshire and 1 parish from Winchester)
- South West Hampshire Council (current local government areas of Eastleigh, Southampton plus 4 parishes from New Forest, and 3 parishes from Test Valley)
- Isle of Wight Council will remain as a separate unitary authority

The plan is for Shadow Authorities to be established in May 2027, existing councils will continue to deliver services.

New councils will formally come into existence and assume powers on 1st April 2028.

WINCHESTER CITY COUNCIL'S FIVE YEAR PLAN 2025 - 2030

The revised Council Plan 2025 – 2030 sets out across 6 priorities the council's key ambitions and outcomes for the coming five years, coming into effect from 1 April 2025 these are:



WINCHESTER CITY COUNCIL'S FIVE YEAR PLAN 2025 - 2030

Priority: Greener Faster		
What we want to achieve	**How we will achieve this**	**Achievements in 2025/26**
• The Winchester District to be carbon neutral by 2030 • Reduced waste and increased recycling, exceeding national targets. • Cleaner air than national targets. • Better protection against extreme climate events. • Increased proportion of journeys by public transport, foot or bike. • Reversing the long-term decline in nature and biodiversity.	To support this we have detailed strategies and plans in place which include: Carbon Neutrality Roadmap; Local Area Energy Plan, Biodiversity Action Plan, Hampshire Local Nature Recovery Strategy; Winchester Movement Strategy; Air Quality and Action Plan. • Measures include: - Energy efficiency measures in homes and commercial buildings - Carbon sequestration through nature-based solutions - Further expansion of EV charging - Maintaining and enforcing robust planning policies in Local Plans that eliminate the risks of pollution from new developments and reduce flood risk - Upgrading our wastewater treatment works and working with others to secure upgrades to public and private sewage and water treatment plants • Significant improvements to walking, cycling and bus provision. • Further decarbonise our buildings, vehicles and operations. • Increase what can be recycled, support reuse, and help residents and businesses prevent and reduce waste. • Embed the strongest achievable environmental standards in Local Plans. • Audit our buildings, homes and operations against the impacts of climate change, implement necessary actions.	Results from the national Climate Score Cards, Winchester City Council is the best district council nationally for tackling climate change. The council was awarded a score of 68% overall (an increase of 19% compared to 2023). The council's annual carbon footprint report for 2024/25 confirms that we have met our ambitious targets. Scope 1 & 2 Market-Based Emissions we have achieved a 96% reduction compared to the 2017/18 baseline year and 85% on the previous year. Scope 3 Market-Based Emissions recorded a 22% reduction on the 2017/18 baseline and a 41% reduction on the previous year. We have exceeded our combined emissions target of 3,700 tCO2e, for 2024/25 by reducing emissions to 2,252.1 tCO2e. These results reflect the impact of decarbonisation measures implemented for 2024/25 including switching to electric vehicles, closing City Offices at the weekends, switching to HVO for BIFFA and Park & Ride contract as well as purchasing green gas and electricity. The successful roll out of the food waste service. This is now collecting around 13 to 14 tonnes per day from 7 vehicles collecting from 60,000 properties per week. This has been achieved on time and on budget. The collection of food waste is already showing a significant reduction in residual waste tonnage.

Continued overleaf

Priority: Thriving Places

What we want to achieve	How we will achieve this	Achievements in 2025/26
• Strong, sustainable business growth. • More young people living and working in the district. • Strong footfall in all our centres with lower than regional vacancy rates. • Attractive, clean public spaces and facilities. • Less fly-tipping and graffiti. • Improved facilities within 20 minutes of people's homes. • Increased investment in our district. • Full gigabit broadband and mobile coverage by 2030.	• Work with partners to implement our Green Economic Development Strategy. Key elements include: - Increasing solar PV installation of large commercial and industrial buildings - Deliver a Digital Growth Factory for SMEs • Work to secure investment via the Hampshire Prosperity Partnership, and other public/private sector partners to: - Regenerate our run-down areas, especially the Central Winchester Regeneration area - Support new business and create new jobs - Strengthen public transport - Improve our energy infrastructure - Fix our digital connectivity • Work with further and higher education, alongside local business, to support skills and enable research and knowledge transfer. • Revitalise our street markets and support local festivals. • Invest in cleaning our city and market town centres. • Work with partners to promote and develop our unique cultural, heritage and natural environment assets across the district. • Prosecute fly-tippers and clear fly-tipping faster. • New business needs and opportunities.	Delivery of the UK Shared Prosperity (USKP) programme 2025/2026. £536,541 (98%) of total fund available allocated across 23 district-wide projects, with 21 projects now completed. A formal progress update was provided to the Prosperity Board in March 2026. Promotion of events and activities to celebrate the 250th anniversary of Jane Austen's birth continues across Visit Winchester digital channels with the campaign pages bringing in more than 17k views in Q2.

Continued overleaf

WINCHESTER CITY COUNCIL'S FIVE YEAR PLAN 2025 - 2030

Priority: Healthy Communities		
What we want to achieve	**How we will achieve this**	**Achievements in 2025/26**
• Support for those most affected by the increased cost of living. • Improved health and wellbeing in our most deprived communities. • Increasing participation in physical activity for all ages and abilities, including active travel. • Access to attractive and well-maintained public facilities, green and natural spaces with space to play and gather for all ages. • Strong health and community infrastructure across the district. • Thriving local voluntary, and community sector – tackling isolation, building community cohesion and supporting those in need.	• Targeted cost of living support programme, directly and via the voluntary sector and local charities, including Council Tax hardship grants. • Close working with the police and other partners to tackle anti-social behaviour and domestic abuse. • Community Action Programmes for our most deprived areas and communities. • Updated Sports Provision Strategy, incorporating growth sports that support greater inclusion and new participation. • Continued investment in our leisure centres, sports grounds, parks and play areas. • Work with the NHS to protect local health provision and encourage increased investment across primary and secondary care. • Continued support for the City of Sanctuary movement and for refugees to our district. • Local Plan policies and other measures to support healthy lifestyles in healthy places.	Core grants totalling £389,218 were awarded for 2025/26 to thirteen organisations, delivering a wide range of advice, counselling, one-to-one support, social activities and performances to residents across the district. The Park Yoga programme concluded for 2025 with the annual attendance of 3,316 being the highest since it started in 2021. More than £1 million of funding was directed into community-led projects through the CIL investment programme. 14 projects were supported across the district, delivering upgrades to cultural venues, community centres, sports and recreation facilities, and heritage assets. Grant funding totalling £230,000 was approved towards the running costs in 2026/27 of eight community organisations that strengthen social connection, improve community participation and help those facing the toughest circumstances. This included the council's key voluntary sector partner, Citizens Advice, who expect to support up to 6,000 people this year and tackle up to 20,000 issues.

Continued overleaf

Priority: Good Homes for All

What we want to achieve	How we will achieve this	Achievements in 2025/26
• Continue to increase the number of affordable homes across the district, including our 2023 commitment to delivery 1,000 more council homes by 2032. • Every homeless person to secure a permanent home. • Policy-led planning to deliver NPPF objectives without 'planning by appeal', ensuring the right mix of homes for all, including young people and key workers. • Ensure all council homes are decent, safe, energy efficient and resilient to the effects of climate change. • Decarbonisation of district homes, consistent with our net zero goal.	• Buying homes and building homes, in sustainable locations. • Ensure a Local Plan remains in place for the district — and ensuring a minimum requirement of affordable homes across the district. • Support homeless and most vulnerable people working directly and in partnership with the voluntary sector. • Providing the right mix of support and high-quality temporary accommodation to help people progress to permanent, secure housing. • Pilot and expand council-house decarbonisation plan, including fabric-first reduction in energy use and bills, expanded local energy generation and replacement of gas boilers with zero carbon alternatives. • New maintenance and repair contract, improving quality and responsiveness of council house repairs and retrofit. • Work with partners to drive wider residential decarbonisation across all housing types, including historic and heritage buildings.	The new build affordable units at Hazeley Road, Twyford are now under construction. All new flats and houses are now occupied at the Winnall new build scheme, providing shared ownership and market rent homes. Stock condition survey programme – 3,925 surveys completed, on track to complete full programme by July 2026. This is significant work to improve the data accuracy of the condition of our homes and inform future investment priorities.

Continued overleaf

WINCHESTER CITY COUNCIL'S FIVE YEAR PLAN 2025 - 2030

Priority: Efficient & Effective

What we want to achieve	How we will achieve this	Achievements in 2025/26
• Improved satisfaction for our services. • Good value compared to other similar authorities. • High accessibility and usage of our services – with a strong shift to digital for those who prefer it. • A balanced budget and stable council finances.	• New Digital Strategy and Action Plan to: - Improve online customer experience - Improve internal collaboration and efficiency - to support decision-making • 2-yearly transformation programmes embedded in the council's work – reducing cost and improving efficiency. • Test and deploy new technologies capable of improving efficiency and reducing cost.	Officer working group established to support with testing and finalisation of My Council Services (MCS) Version 5 web-based forms in the Government Digital Service (GDS) format which will improve user experience and efficiency. A new self-serve and user-friendly booking system for Guildhall bookings has been procured and implemented.

Priority: Listening & Learning

What we want to achieve	How we will achieve this	Achievements in 2025/26
• Improved resident survey results for involvement, contact and response. • Improved engagement with under-represented groups. • Above average Tenant Satisfaction Measures.	• Satisfaction tracking and analysis across our services. • New Tenant Engagement Strategy. • Early and ongoing stakeholder engagement designed into all major projects. • Work with neighbouring authorities to ensure that our communities are involved and heard on major out-of-area developments and initiatives that impact them. • Support a learning culture.	Public engagement event about the next steps for the former leisure centre. Public drop-in events to update residents and stakeholders on the progress being made by, the council's development partner, on developing proposals for the regeneration of Central Winchester. Engaged residents at the Winchester Green Fair about the food waste rollout and recycling services in general. Worked with the 12 commissioning councils to undertake extensive engagement on a local and county wide basis to inform the Local Government Reorganisation proposal, which saw over 1,700 respond from the Winchester district.

2025/26 GENERAL FUND BUDGET

Council chief financial officers (CFOs) must set a balanced budget for the financial year ahead. The council is in a strong and stable position in the short term and was able to produce a balanced budget in 2025/26, whilst supporting the delivery of the key priorities of the Council Plan.

Budget pressures this year included contract and pay inflation of 4%, and a forecast loss of fee income in some areas; notably Planning fees £200,000; and Property rental income £150,000.

DELIVERY OF KEY PRIORITIES

The budget included "one off" reserve allocation proposals to support the delivery of the Council Plan. These allocations included:

- £135,000 additional annual budget for the ongoing costs of providing the food waste collection service
- £460,000 one-off budget to fund the phased roll out of the food waste service
- £300,000 per annum to fund increased demand for temporary accommodation to prevent homelessness
- £250,000 per annum be set aside into the Property Reserve, for the maintenance of and investment in operational assets
- £215,000 per annum additional budget to support the ongoing maintenance and running requirements of the Guildhall

MEASURES

Measures to balance the budget included:

- £432,000 additional budget reductions (above those previously reported) achieved through the Transformation Challenge process
- Average Council Tax increase of 2.7%
- Winchester City Council became part of a Business Rates (NNDR) Pool for Hampshire in 2025/26. This involves pooling NNDR gains with Hampshire County Council and other district councils within Hampshire. The result will be an in-year saving on the current 50% Levy payment to central government that is made on all NNDR gains above the baseline level. These savings will be shared with Hampshire County Council on a 50:50 basis

DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION

The development and implementation of proposals for both Devolution and Local Government Reorganisation are expected to have one off resourcing implications for the council and will be considered in future budgets.

MEDIUM TERM FINANCIAL STRATEGY

In Feb 26 the Government's funding settlement 'Fair Funding 2.0' was announced, which included their long-promised full baseline reset of business rates. Strong business growth in the district over the last decade has meant the district has benefitted from retaining a greater proportion of business rates locally. The reset will see much of that growth now shared nationally rather than retained locally. The effect of this on the 2026/27 budget was minimal but it results in deficits for future years.

The financial pressures faced by local authorities remain very challenging, the MTFP is showing a balanced budget for the next two years and then projected annual budget shortfalls of £3.5m at the end of the decade.

MEDIUM TERM FINANCIAL PROJECTIONS (£M)

	26/27	27/28	28/29	29/30	30/31
Council Tax	(10.873)	(11.353)	(11.854)	(12.377)	(12.923)
Business Rates	(4.695)	95.188)	(5.698)	(6.193)	(6.654)
Gov't Funding	(10.941)	(10.320)	(9.383)	(5.587)	(5.569)
Investment Activity	(1.392)	(1.355)	(0.951)	(1.169)	(1.437)
Baseline Resource Requirement	23.788	25.231	26.301	27.331	28.553
One-off budget & reserve related movements	4.113	2.985	1.635	1.593	1.530
Unavoidable growth/ savings	0.000	0.000	0.000	0.000	0.000
(Surplus)/ Shortfall	0.000	0.000	0.050	3.598	3.500

MEDIUM TERM FINANCIAL STRATEGY

TRANSFORMATION CHALLENGE

The organisation-wide TC25 transformation programme has continued to successfully deliver savings. A further £692,000 of ongoing savings have been identified removed from the revenue budget and they are summarised below:

Update on Transformation Challenge 2025 (TC25)

Use of Planning Performance Agreements	£76,000
Support Services Savings	£52,000
Cleaning Contract Review	£56,000
Shopmobility Grant Review	£45,000
Parking Cash Collection Savings	£27,000
Policy service review	£65,000
Sale of 27 Eastgate Street	£25,000
Community Grants Reductions	£110,000
Review of rents and leases	£28,500
Public Convenience Savings	£25,000
Garage rent review	£120,000
Other Savings	£62,500
Total	£692,000

To date, TC25 has secured total budget reductions of £1,619,000

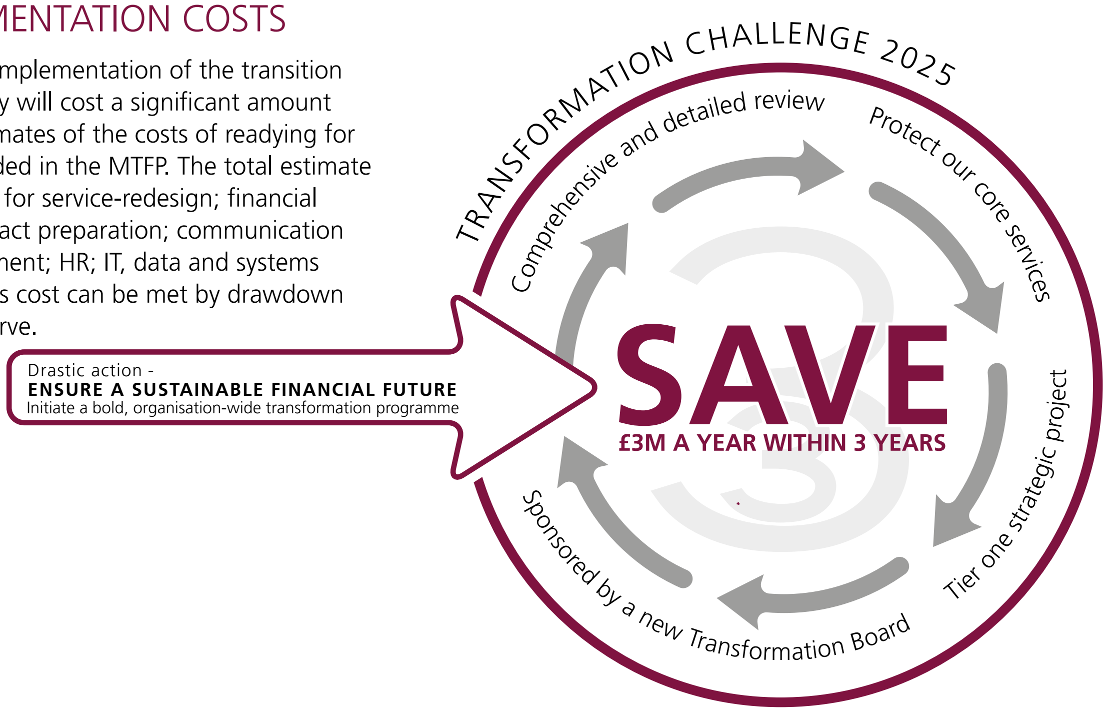
Local Government Reorganisation (LGR) has required a shift in the focus of the council's transformation journey. What started as TC25 transformation, with a focus on the services delivered by the council now continues but must be aware of the wider considerations as the council prepares for the fundamental service changes of becoming part of a new unitary authority. The new transformation phase 'Preparing for Change' has required all services to consider the impact of LGR on their activities and each Corporate Head of Service has worked with the relevant Cabinet member to present the Transformation Board with updated transformation options in 'Preparing for Change' round-table meetings.

This work will form the base of the service plans which will also carefully detail the services and activities to be prioritised by the council for 2026/27, with an onward look to 2027/28 when the Shadow Council will come into operation. These service plans will form the basis of the established process and review of quarterly finance and performance reports – as now.

Transformation continues but will be focused closely on work and activity that has immediate benefit to the residents of our district and will support the development of a new unitary council. The Transformation Board will focus on those projects which are both fully aligned with the Council Plan and deliverable prior to LGR.

CHANGE IMPLEMENTATION COSTS

The preparation for and implementation of the transition to a new unitary authority will cost a significant amount for all councils. Early estimates of the costs of readying for day-one have been included in the MTFP. The total estimate of costs that include cost for service-redesign; financial planning; legal and contract preparation; communication and stakeholder engagement; HR; IT, data and systems preparation is £2.3m. This cost can be met by drawdown from the transitional reserve.



GENERAL FUND 2025/26 OUTTURN

The £1.1m favourable outturn on Good Homes for All relates to unspent funding related to Homelessness initiatives which is being carried forward into future budgets.

The £0.9m favourable outturn for the Efficient and Effective portfolio is mostly through savings on Employee expenditure across a number of services. These relate to IAS19 adjustments (not budgeted) £0.4m and other savings £0.3m. There is also a £0.2m underspend on corporate repairs.

The favourable £2.8m variance for Funding and Other Activity is from additional funding received in year. The council received £0.8m extra Extended Producer Responsibility Allowance, and £0.8m more New Burdens funding (for example for setting up the food waste collection service). CIL receipts of £0.6m were also received which are not budgeted for. Investment income was also £0.6m higher than expected through a mixture of better interest rates and higher than expected balances (through less expenditure in the capital programme).

GENERAL FUND BALANCE

3.5m

SERVICE BUDGET (excluding depreciation)	ORIGINAL BUDGET	OUTTURN	VARIANCE
	£'000	£'000	£'000
GREENER FASTER	8,869	8,884	15
HEALTHY COMMUNITIES	2,935	3,390	455
GOOD HOMES FOR ALL	4,108	3,013	(1,094)
THRIVING PLACES	1,378	1,030	(348)
EFFICIENT AND EFFECTIVE	7,108	6,208	(900)
TOTAL BEFORE FUNDING	**24,396**	**22,525**	(1,870)
FUNDING AND OTHER ACTIVITY	**(26,520)**	**(29,365)**	(2,845)
TRANSFER TO / (FROM) EARMARKED RESERVES	**2,124**	**5,085**	2,961
UNDERSPEND	**()**	**(1,754)**	(1,754)

HRA 2025/26 OUTTURN

The HRA outturn resulted in a decrease in the working balance of £2.26m, against a budgeted £2.03m decrease.

Significant adverse variances related to the cost of responsive repairs and voids, while there were significant favourable variances on interest payable and receivable.

Key variances within Housing Management included overall staff vacancy savings of £0.25m, and a one-off saving of £0.15m on IT investment, which will be returned to the working balance to be reprofiled against future investment needs. Rent income to the HRA was lower than anticipated due to a high level of RTB sales, caused by an increase in applications following changes to the scheme implemented in late 2024. In addition, £0.3m nutrient credit sales were achieved in 2025/26 within Housing Management, which have been transferred to reserves to apply to future capital programme spend.

There was an overspend on repair costs, particularly on void costs, which has resulted from increasing numbers of voids requiring higher levels of work, when compared to historic trends, and on responsive repairs as a result of increased damp and mould works and other repairs identified as part of the ongoing stock condition survey works.

Interest payable on borrowing and interest receivable on balances were both favourable to budget due to a combination of lower than planned spend on the capital programme, and interest rates more favourable than the budget expectation.

SERVICE	REVISED BUDGET	OUTTURN	VARIANCE
	£'000	£'000	£'000
RENT, SERVICE CHARGE AND OTHER INCOME	(34,296)	(34,128)	167
INTEREST RECEIVABLE	(1,170)	(2,663)	(1,493)
HOUSING MANAGEMENT GENERAL	6,956	6,078	(878)
HOUSING MANAGEMENT SPECIAL	953	829	(124)
REPAIRS (INCLUDING ADMINISTRATION)	10,690	13,010	2,320
INTEREST PAYABLE ON BORROWING	8,322	7,714	(608)
DEPRECIATION	10,562	10,973	411
OTHER INCOME & EXPENDITURE	13	(28)	(40)
TRANSFERS (TO) / FROM RESERVES	0	477	477
(INCREASE) / DECREASE IN WORKING BALANCE	2,030	2,262	232

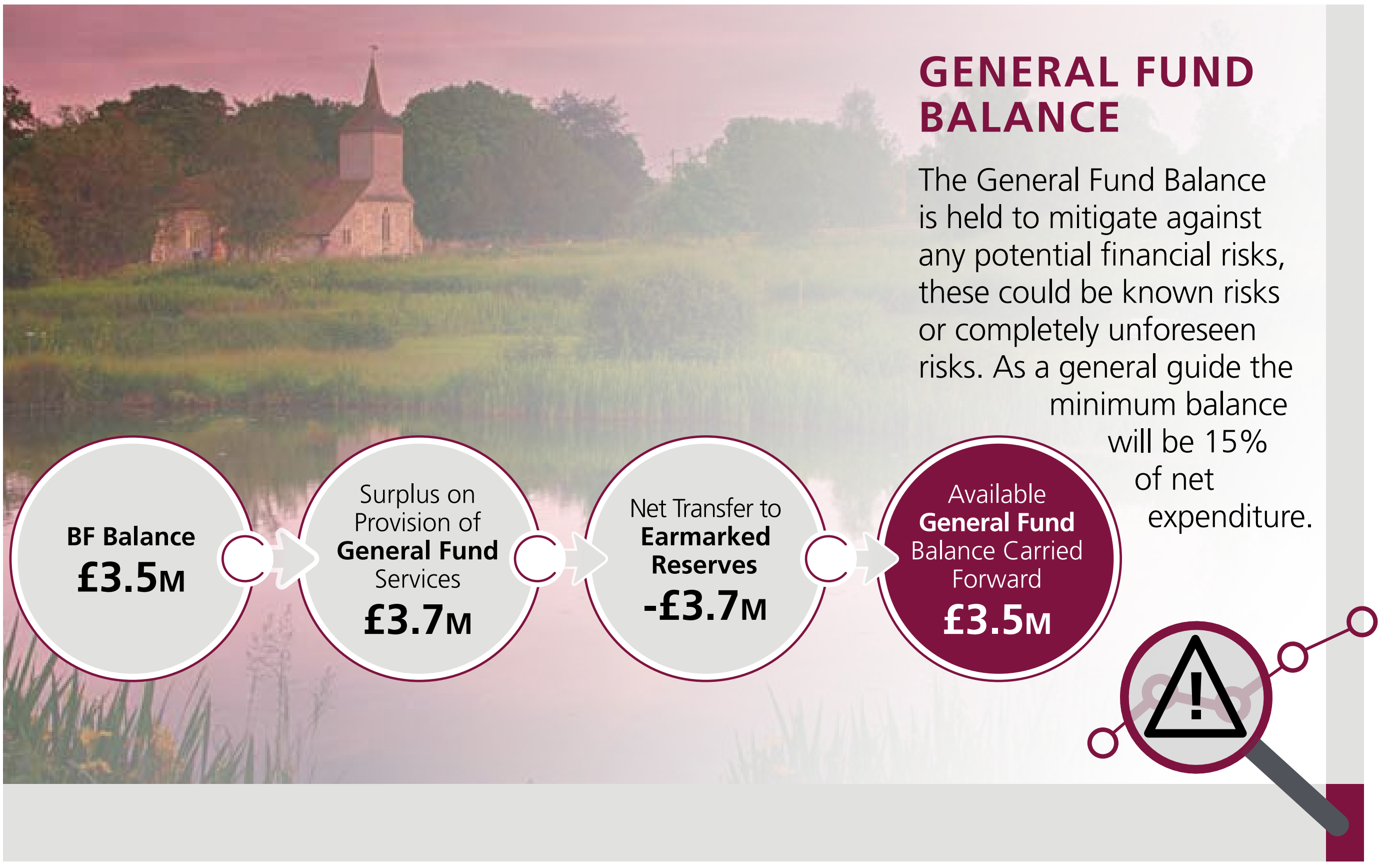
GENERAL FUND MOVEMENT

The table shows the in year movements of the General Fund balance. The Surplus on the Provision of Services (within the council's Comprehensive Income & Expenditure Statement) was £4m. However, once the surplus on HRA services is adjusted for there is a surplus for General Fund services of £2.4m.

We prepare the accounts in accordance with International Accounting Standards (as adopted by the CIPFA Code) but then apply adjustments required by Government regulations. These are summarised in the Movement in Reserves Statements and set out in detail in Note 8. Once these adjustments are applied the increase in the General Fund balance is £3.7m.

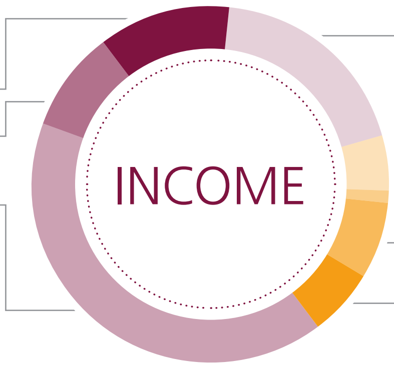
Net £3.7m has been transferred to earmarked reserves, the carry forward Genral Fund Balance has been maintained at £3.5m representing 15% of baseline service expenditure.

	£m	£m	£m
Brought Forward Balance			3.5
Surplus (deficit) on provision of all services	4		
Adjust for HRA related (surplus)/deficit	(1.6)		
		2.4	
Apply Accounting Adjustments		1.3	
In year surplus on Provision of General Fund Services			3.7
Net Movements (to)/ from Earmarked Reserves			
CIL Receipts (not budgeted for)	(0.6)		
Net Planned Reserve Transfers	(1.3)		
Unplanned Surplus	(1.8)		
Net movement reserves		(3.7)	
Available General Fund Balance			**3.5**



WHERE THE COUNCIL'S FUNDING CAME FROM

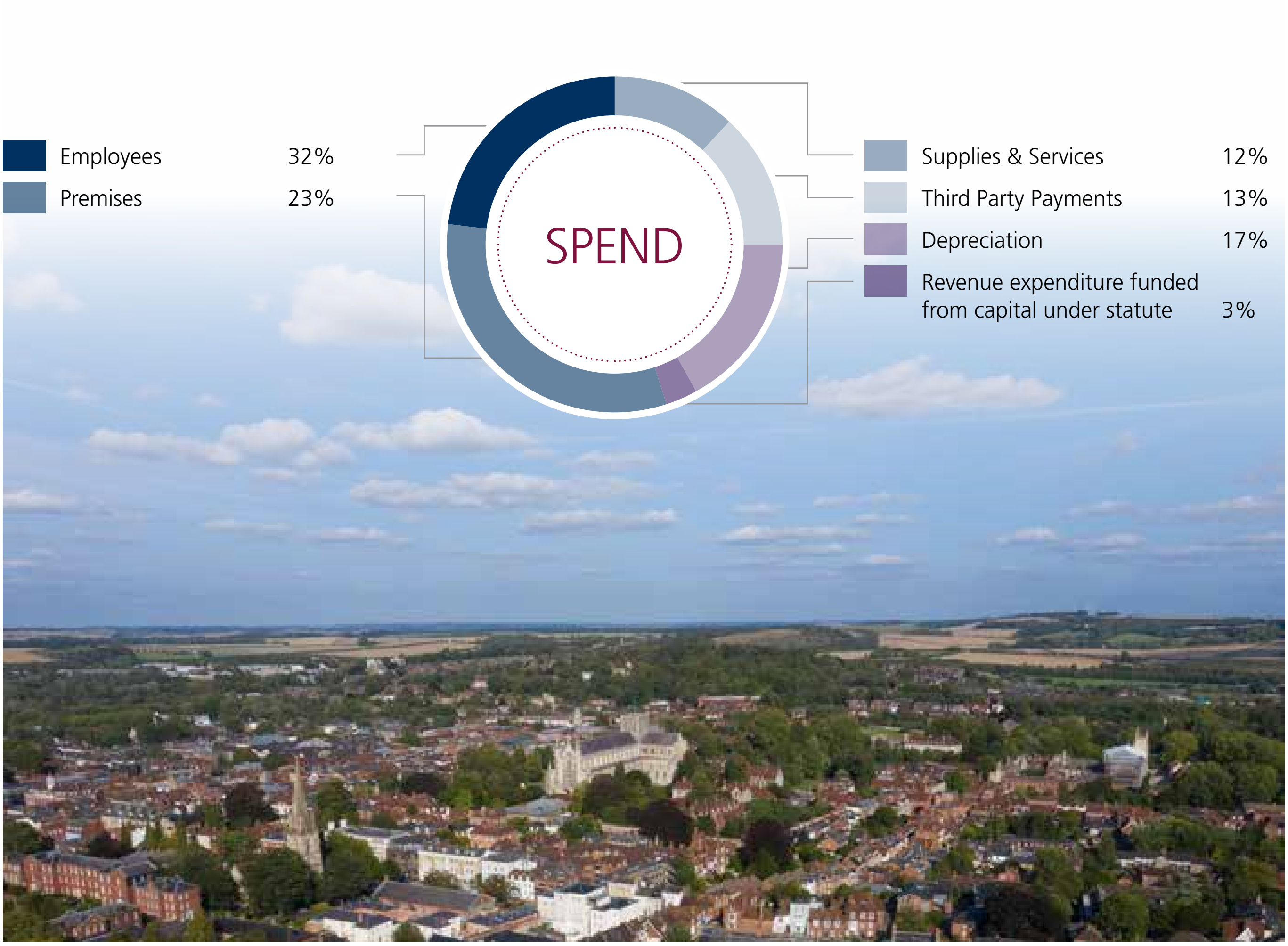
(excluding income related to welfare transfer payments)



Council Tax income	12%
Business Rates	9%
HRA Rental/ service charges & other income	41%
General Fund Fees and charges & other income	19%
Capital grants & contributions	5%
Specific gov't grants & contributions (excluding housing subsidy income)	1%
Non ringfenced gov't grants	7%
Investment income	6%

HOW THE COUNCIL SPENT MONEY TO PROVIDE SERVICES

(excluding valuation adjustments and welfare transfer payments)



Employees	32%
Premises	23%
Supplies & Services	12%
Third Party Payments	13%
Depreciation	17%
Revenue expenditure funded from capital under statute	3%

THE COUNCIL'S BALANCE SHEET

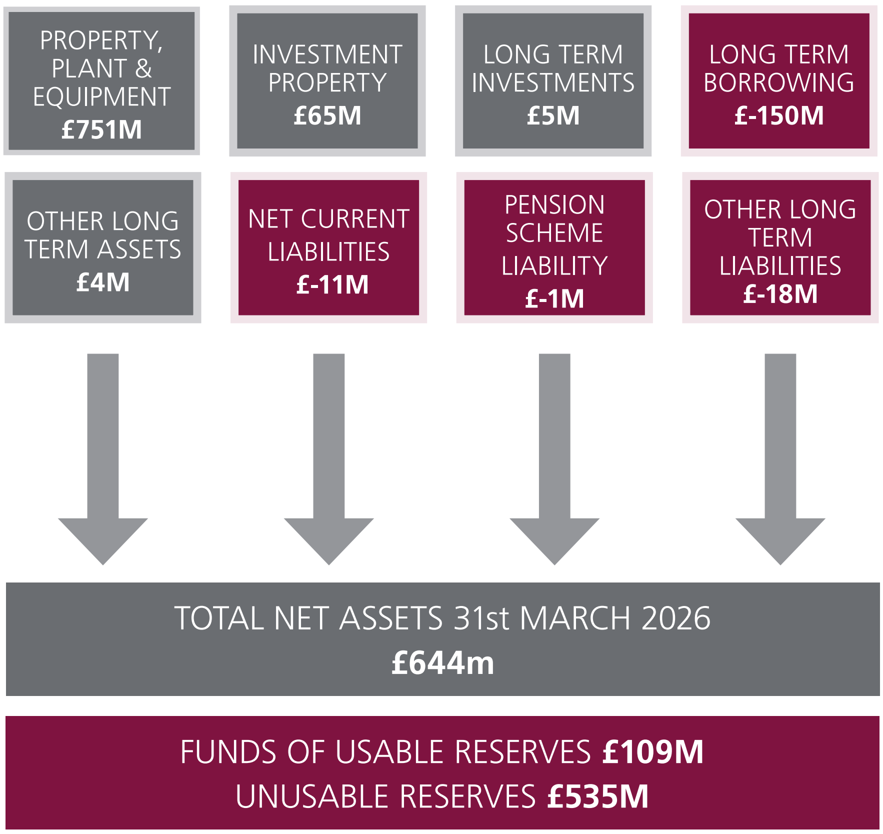
THE COUNCIL'S BALANCE SHEET SHOWS IT HAS A **NET WORTH** OF **£644M**.

TOTAL LONG TERM **ASSETS** OF **£825M** AT THE BALANCE SHEET DATE INCLUDE:

- Council dwellings £581m
- Other operational land and buildings £109m
- Investment property £65m.

TOTAL LONG TERM **LIABILITIES** OF **£170M** INCLUDE:

- Long term borrowing of £150m
- The pension scheme potential future liability of £1m.



The council's balance sheet includes £109m of usable reserves available to fund future spending plans and programmes.

The overall increase in the council's net worth of £16m, is primarily due to revaluation movements.

EARMARKED RESERVES

General Fund reserves have all been reviewed as part of the budget process and the levels are considered to be appropriate. The overall levels are reviewed each year in line with the Medium Term Financial Plan.

Operational Reserves are revenue reserves which can be used to support revenue or capital expenditure, for example major projects.

Asset Reserves are used to maintain existing council assets and are supported by spending plans such as the asset management plan.

Restricted Reserves can only be used for restricted purposes and therefore must be considered separately to other reserves which can be used for wider purposes.

Risk Reserves are available to mitigate risks faced by the council. The overall levels are reviewed each year in line with the Medium Term Financial Plan.

EARMARKED RESERVES

The council holds strategic reserves for specific purposes which are consistent with corporate priorities. These reserves are a key source of funding, helping to support specific service strategies and plans. They are also critical to our ability to fund the transformation of services and ability to invest in order to generate the necessary savings to balance the budget over future years. This includes one-off costs in relation to service and staffing reviews as well as investing in systems to help develop digital service delivery. It is important to note that reserves are finite and can therefore only be used to fund one-off expenditure. One-off expenditure can include projects which span a number of financial years but cannot include recurring expenditure such as utilities.

In summary, reserves are used to support:

a. Funding of the capital programme

b. Investment in transformation

c. Funding one-off costs associated with staffing reviews and organisational development work.

d. Providing one-off support for service budgets (such as the Local Plan)

e. Community infrastructure plans

f. Council Plan support

g. Asset management plans, IT strategy, car parking strategy

h. Winchester Town account (notably major refurbishment and replacements of play areas)

As at 31 March 2026 the council held £53.2m of earmarked reserves.

OPERATIONAL & ASSET RESERVES

There are significant existing budget commitments - particularly in relation to major projects such as central Winchester regeneration.

RISK RESERVES

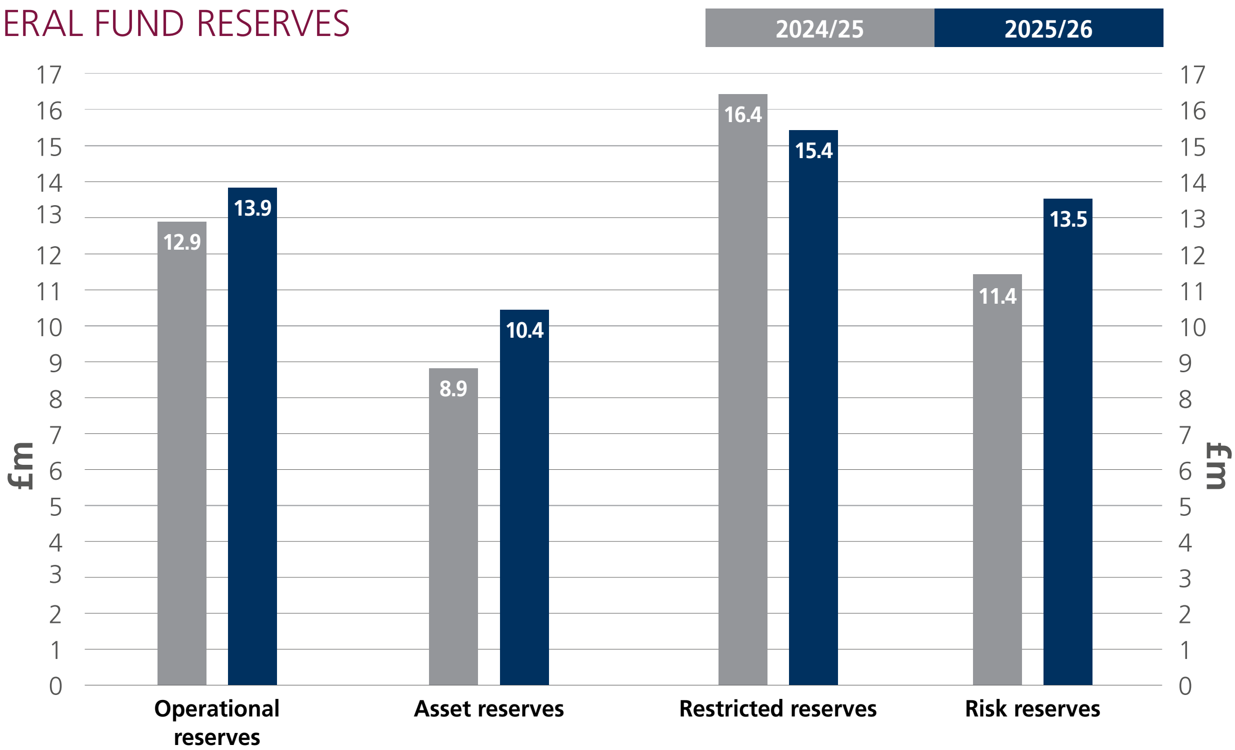
As at 31 March 2026 the council held £13.5m within Risk Reserves. The purpose of the Transitional Reserve is to both support the significant financial risks faced by the council in relation to Government and other funding reductions and also to enable investment in the Council Plan (for example supporting the Climate Emergency). The Transitional Reserve has increased to fund the transformation programme.

A minimum balance of £1m is also held within the business rates retention reserve in order to provide mitigation against the short term risks of a reduction in income.

RESTRICTED RESERVES

The council also held £15.4m of restricted reserves as at 31 March 2026. Of these £12.3m are Community Infrastructure Levies which can only be used to deliver infrastructure.

GENERAL FUND RESERVES



THE PENSION FUND DEFICIT

The Pension Fund deficit has reduced significantly since 2021/22 and as at 31 March 2026 the fund position is a deficit of £1.3m.

Pension Fund Surplus/(Deficit)	£m
31 March 2022	(60.8)
31 March 2023	(13.8)
31 March 2024	(7.8)
31 March 2025	(1.4)
31 March 2026	(1.3)

An actuarial valuation determines the value of all pension fund assets and liabilities as of a specific date. If the value of the fund assets is below the value of the liabilities, the fund will be in a deficit position, however if the value of the plan assets exceeds the value of the liabilities, the funded ratio will be greater than 100% and the plan will be considered to be in a "surplus" position.

In conducting an actuarial valuation, many future events must be assumed or predicted. These assumptions include life expectancy, age of retirement, general salary increases, and interest rates. In general, when calculating the present value of future assets and liabilities, actuaries discount future cash flows by using a discount rate linked to long-term interest rates. An increase in long-term interest rates means that the liabilities, or the discounted value of future cash flows of a pension plan, decreases. Primarily it is this reduction in the value of liabilities which has led to the significant reduction in the pension fund deficit over recent periods.

As at 31 March 2026 the net liability stands at £1.3m and this represents the present value of unfunded obligations.

Change to Pension Fund Balance as at 31 March 2025/26	£000
Fair Value of Plan Assets	167,239
Present Value of Funded Obligations	(149,139)
Effect of the Asset Ceiling	(18,100)
Present Value of Unfunded Obligations	(1,280)
Net liability	**(1,280)**

CAPITAL STRATEGY

The Council Plan details how the council will deliver its five strategic priorities: Greener Faster, Good Homes for All, Thriving Places, Healthy Communities, Listening Better and Effective and Efficient. Several of these priorities will be delivered through capital spend and associated projects.

The Capital Strategy sets out the council's capital spending programme and the principles which underpin this to deliver the desired priorities as set out in the Council Plan. The council's capital programme incorporates both the General Fund (GF) and the Housing Revenue Account (HRA) capital requirements to support service provision and links with the Council Plan, Housing Business Plan, the Asset Management Strategy, IMT strategy and Medium Term Financial Strategy.

The Capital Strategy sets out the overall programme for the next 10 years, how this will be financed, and the impact of the programme on the Council's Medium Term Financial Strategy. The forecast capital programme over the next 10 years to 2035/36 totals £385.6 million of which £56.1 million is General Fund and £329.5 million is Housing Revenue Account. Within the HRA Capital Programme £181m relates to New Build Housing, £84m is for Major repairs to Housing stock, £39m for additional investment in the council's housing stock to improve energy efficiency and help reduce carbon emissions and £26m of other expenditure.

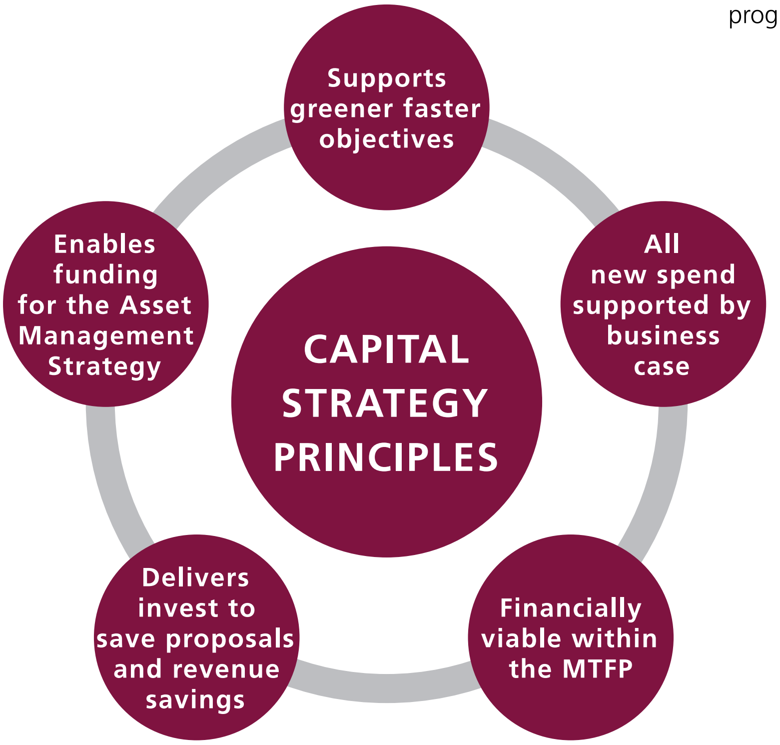
The main sources of finance for capital projects are as follows:

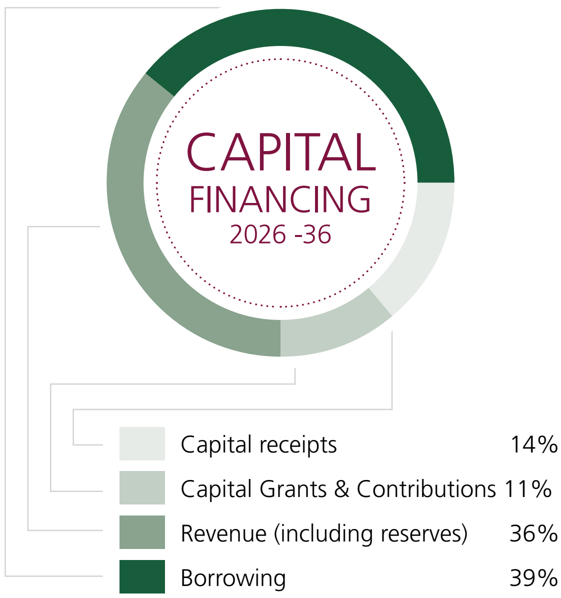
- Capital receipts (from asset sales)
- Capital grants (e.g. Disabled Facilities Grant)
- External contributions (e.g. Section 106 developers' contributions and Community Infrastructure Levy (CIL))
- Revenue contributions, including Earmarked Reserves and the Major Repairs Reserve
- Borrowing, including internally (also known as the "Capital Financing Requirement")

The proposed financing of the 10-year capital expenditure is made up of:

- Capital receipts £55m 14%
- Capital grants and contributions £43m 11%
- Revenue (including reserves) £137m 36%
- Borrowing £151m 39%

Borrowing (or Capital Financing Requirement) makes up a significant element of the council's proposed financing over the next 10 years. The council currently has £159.3m in external borrowing all of which is related to the HRA. In recent years the council has had sufficient cash and investment balances to internally borrow all its increased need but may need to increase its external borrowing in the future. The amount and timing of additional external borrowing is dependent on the delivery of the capital programme and on the council's overall reserve position.





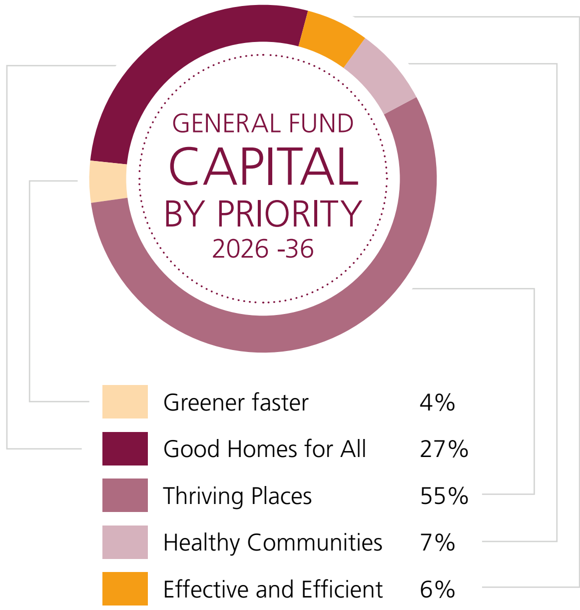
CAPITAL PROGRAMME 2025/26

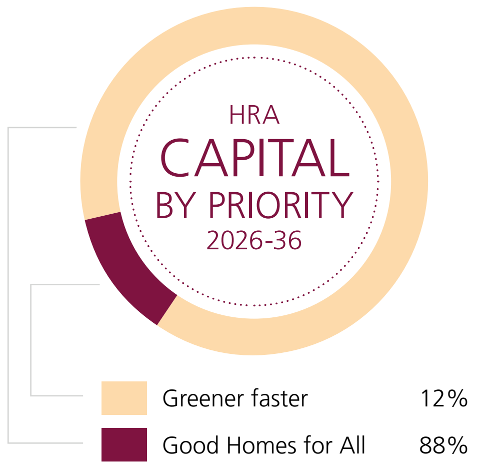
The council has made further progress in 2025/26 in delivering its capital programme. In the General Fund, projects completed or substantially complete this year include:

- River Park pavilion. Work on the new pavilion is expected to be completed in early 2026. By providing high quality facilities, increased community sport outcomes can be achieved across a wider demographic, and the pavilion can be used to support users of River Park, not just cricket, by providing changing and club house facilities to support their events or sports
- The purchase of vehicles and caddies in order to roll out the new food waste service. The collection of food waste commenced in October. Food waste recycling has the potential to reduce the district's carbon footprint by an estimated 1,900 tonnes of CO_2e per year by recycling this waste to generate clean green energy and nutrient dense soil improver. In addition, the vehicles purchased run on HVO fuel reducing emissions by more than 90%
- The award of capital grants totalling £0.6m (as at 31 December 2025) via the UK shared prosperity and Rural prosperity fund programmes, and CIL funded community projects. Grants to community groups, parish councils, and small businesses include: the playground and public convenience refurbishments; an air source heat pump; an electric van for bee cultivation and honey production; and solar panel installations
- Other projects include clubhouse improvements at Winchester City FC, replacement of the 3G pitch at Meadowside Leisure Centre, the replacement of diesel animal welfare vans with electric vehicles, and a grant toward the life size Jane Austen sculpture in the Cathedral's grounds

In addition to the required investment in major works to the existing stock including an ambitious retrofit programme to increase energy efficiency and help tenants reduce energy costs and to maintain the current decent homes standard, significant additional funding towards a challenging new build and acquisitions programme is included to facilitate the delivery of the council's objective of 1000 new homes for local people. Major approved projects included are:

- Acquisition of 10 units (6 for affordable rent, 4 for shared ownership) at Hazeley Road Twyford, construction between 2024/25 and 2026/27
- Acquisition of 146 units (95 for affordable rent, 51 for shared ownership) at Kings Barton (three phases to be constructed between 2024/25 and 2027/28). As at December 2025, a total of 10 units had been completed and handed over, of which four units shared ownership and six units general needs
- Construction of 5 social rented units at Woodman Close, between January 2026 and February 2027





	Total funding **Increased financing requirement**	**£35M** **£0M**
FUNDING	Capital Receipts	£10m
	Government Grants and Other Contributions	£3.8m
	General Fund Reserves	£3.1m
	Major Repairs Reserve	£18.1m
		£35m
INVESTMENT	HRA New Build	£13.2m
	HRA Major Repairs	£7.2m
	HRA Property Acquisitions	£6.7m
	HRA Other	£1.5m
	General Fund Other	£3.4m
	General Fund North Walls Pavilion	£1.8m
	General Fund Food Waste Trucks	£1.2m
		£35m

CAPITAL PROGRAMME

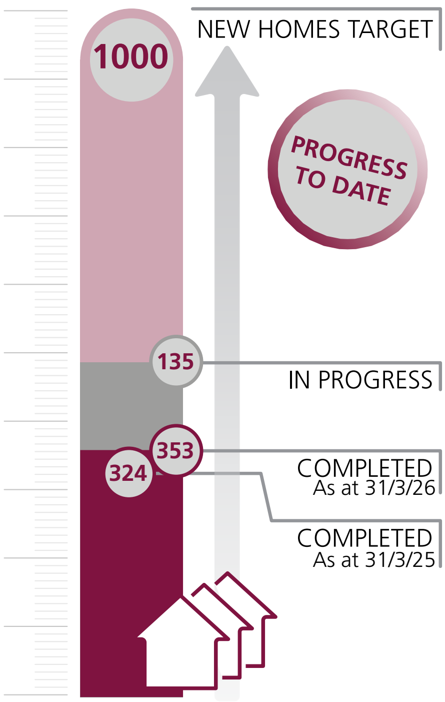
HOMES

£181m is planned for the HRA new build programme over 10 years (2026-2036).

A NUMBER OF HRA NEW BUILD SCHEMES COMPLETED, OR ARE IN PROGRESS:

NEW HOMES TARGET	COMPLETED As at 31/3/25	COMPLETED As at 31/3/26	IN PROGRESS
1000	324	353	135

	MARKET RENT	AFFORDABLE RENT	SHARED OWNERSHIP	TOTAL
COMPLETED IN YEAR 1/4/25 - 31/3/26:				
Kings Barton		22	4	26
LAHF	2			2
Buyback		1		1
Total	**2**	**23**	**4**	**29**
IN PROGRESS:				
Hazeley Rd		6	4	10
Kings Barton		73	47	120
Woodman Close	5			5
Total	**5**	**79**	**51**	**135**



CAPITAL PROGRAMME

KINGS BARTON

The council has agreed to acquire 146 affordable homes to use as council housing at Kings Barton. The new housing forms part of a much larger multi phase development at Barton Farm. The acquisition will form a mix of 95 affordable rent properties and 51 shared ownership properties.

The 146 units are being acquired across three phases of development, with completions expected between 2025 and 2028. During 2025/26, the first twenty six homes were completed and handed over, of which four were shared ownership and twenty two for affordable rent. The next 63 units are expected to be handed over during 2026/27 financial year.

The council will own the property freehold, will manage and maintain the homes and have control over their use so that they meet identified housing needs and are managed and maintained to decent homes standards.

The new homes are being built to Building Regulation energy efficiency standards, with the addition of air source heat pumps and EV chargers, and are electric only, thus supporting the Greener Faster Council plan priority.

WOODMAN CLOSE

During 2025/26, the council agreed to proceed with the development of five new units at Woodman Close, Sparsholt. The development will provide five new homes intended for Social Rent, including three one-bedroom houses and two two-bedroom bungalows. The plans focus on creating high-quality, energy-efficient homes that blend seamlessly with the village setting, supporting sustainable living and meeting local housing needs.

LOCAL AUTHORITY HOUSING FUND

The Local Authority Housing Fund (LAHF) grant programme provides grants to local authorities by (Ministry of Housing, Communities and Local Government) to acquire or build properties for the resettlement of Ukraine and Afghan refugees, or for temporary accommodation.

Between the three rounds of LAHF grant allocations, the council has now completed the acquisition and refurbishment of 53 units that will initially benefit Ukraine and Afghan refugees, but in the long term will be used as additional affordable homes for all.

The council made a successful application to round 4 of LAHF funding in February 2026, which is intended to contribute to acquiring a further six properties between 2026/27 and 2028/29, of which four will be for temporary accommodation and two for resettlement.

CAPITAL PROGRAMME

RIVER PARK PAVILION

Work began in 2025 to build a brand-new pavilion at River Park in Winchester.

Total investment of £2.3 million has been approved to deliver the project. The funding includes capital funding from the city council, £1.5 million from district Community Infrastructure Levy and contributions from the Town Forum, The Pavilion Project and grant funding from Hampshire County Council. This redevelopment reaffirms this council's commitment to support our residents to live active and healthier lives, whilst helping remove barriers for women in sport and those living with disabilities.

The pavilion being rebuilt for the benefit of communities across the district. Cricket players, rugby players and ParkRunners are included in those that will benefit from the new pavilion, making this space a hub of activity - in an accessible, contemporary and well-designed building.

REGENERATION

CENTRAL WINCHESTER REGENERATION

Our vision for Central Winchester Regeneration, as set out in the Supplementary Planning Document (SPD), is for a mixed-use, sustainable, pedestrian-friendly quarter that reflected the distinctive character of the city centre. The regeneration site includes Kings Walk, Friarsgate and the bus station, as defined in the approved SPD.

Having listened to local people through consultation on the development proposals for the site, the council brought forward plans for sustainable, high-quality homes for local people, creative workspaces, shops, a hotel, leisure facilities, and improved public spaces that better connected the area to the wider city and district. The proposals were designed not to compete with what Winchester already offered, but to be distinctive and complementary.

In 2023, the council announced the appointment of the Jigsaw Consortium, trading as Partnerships & Places, as the development partner for the project. The consortium assembled a team drawn from leading creative talent across the UK, including architectural practices, urban designers, engineers, landscape architects and specialist archaeologists.

Jigsaw Consortium committed to working closely with local people and businesses in Winchester throughout the lifespan of the project, bringing both social and economic value to the area.

Work to improve and refresh the Kings Walk area of Winchester was completed. The upgrade included integrating the Nutshell Theatre with the Kings Walk Arcade, improving the appearance of the façade and entrance along Silver Hill, and enhancing existing open spaces. The works also included the creation of a courtyard area, known as the 'Courtyard Garden'.

In March 2025, the Development Delivery Plan (DDP) was approved, together with a ring-fenced allocation of £4.5 million in Community Infrastructure Levy (CIL) funding to support the delivery of CIL-eligible infrastructure within the Central Winchester Regeneration scheme.

A Full Business Case is scheduled for submission in summer 2026, with approval expected to enable the subsequent submission of a planning application in autumn 2026, representing a key milestone in advancing the project towards delivery.

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the S151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Responsibilities of the S151 Officer

The S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the S151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting.

The S151 Officer has also:

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

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

Signature: …………………………………………… Date:

Chief Financial Officer, Section 151 Officer

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

This statement shows the accounting cost to the council in the year for the provision of services in accordance with International Financial Reporting Standards (IFRS) adapted by the Code of Practice on Local Authority Accounting (the Code). The Total Comprehensive Income and Expenditure Statement represents the total movement on net assets in the council's Balance Sheet.

The statement includes some costs and income that are not allowed, by statute, to be funded from taxation. The Comprehensive Income and Expenditure Statement is adjusted for these items in order to set the level of Council Tax. These adjustments are shown in the Movement in Reserves Statement and analysed in Note 8.

2024/25				2025/26		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
19,997	(12,373)	7,624	Greener Faster[1]	22,346	(12,247)	10,099
5,869	(2,095)	3,774	Healthy Communities[1]	6,496	(2,079)	4,417
14,500	(9,835)	4,665	Good Homes for All (General Fund)[1]	12,185	(8,012)	4,173
30,304	(37,255)	(6,951)	Good Homes for All (HRA)[1]	34,191	(37,415)	(3,224)
3,145	(1,144)	2,001	Thriving Places[1]	2,311	(938)	1,373
18,898	(11,733)	7,165	Efficient and Effective[1]	16,398	(9,742)	6,656
92,713	(74,435)	18,278	Cost of service delivery	93,927	(70,433)	23,494
(6,418)	0	(6,418)	HRA Property Revaluation (Note 1)	1,065	0	1,065
86,295	**(74,435)**	**11,860**	**Cost Of Services**	**94,992**	**(70,433)**	**24,559**
			Other Operating Income and Expenditure			
		4,403	Parish Council Precepts			4,917
		(358)	(Gains)/Losses on the Disposal of Non Current Assets			(3,617)
		(15)	Other (Income)/Expenditure - Surplus Assets			0
			Financing and Investment Income and Expenditure			
		5,292	Interest Payable and Similar Charges (Note 18)			5,349
		371	Net Interest on the Net Defined Benefit Liability (Note 13)			(1,057)
		(1,655)	Interest Receivable and Similar Income (Note 18)			(1,402)
		(2,801)	Income and Expenditure in relation to Investment Properties and Changes in their Fair Value (Note 16)			1,642
		(106)	(Gains)/losses for financial assets classified as fair value through profit or loss (Note 18)			5
			Taxation and Non-Specific Grant Income			
		(7,296)	Non-Domestic Rates Income and Expenditure (Note 9)			(8,530)
		(5,168)	Non-Ringfenced Government Grants (Note 9)			(6,250)
		(9,495)	Capital Grants and Contributions (Note 9)			(4,314)
		(14,355)	Council Tax Income			(15,310)
		(19,323)	**(Surplus) or Deficit on Provision of Services**			**(4,008)**
			Other Comprehensive (Income) and Expenditure			
		2,262	(Surplus)/Deficit on Revaluation of Non Current Assets			(13,470)
		(6,658)	Remeasurements on Net Defined Benefit Liability (Note 13)			1,830
		(23,719)	**Total Comprehensive (Income)/ Expenditure**			**(15,648)**

[1] The portfolio titles for services have changed in the financial year but the comparators remain unchanged, for further details of the changes see Note 2 Expenditure and Funding Analysis.

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

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

	General Fund Balance	**Earmarked General Fund Reserves**	**Housing Revenue Account**	**Earmarked HRA Reserves**	**Major Repairs Reserve**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Total Usable Reserves**	**Unusable Reserves**	**Total Authority Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2025	**(3,501)**	**(49,508)**	**(15,950)**	**(220)**	**(34,119)**	**(9,405)**	**(1,953)**	**(114,656)**	**(513,413)**	**(628,069)**
Movement in Reserves during 2025/26										
(Surplus) or Deficit on Provision of Services	(2,356)	0	(1,652)	0	0	0	0	(4,008)	0	**(4,008)**
Other Comprehensive (Income) and Expenditure	0	0	0	0	0	0	0	0	(11,640)	**(11,640)**
Total Comprehensive (Income) and Expenditure	**(2,356)**	**0**	**(1,652)**	**0**	**0**	**0**	**0**	**(4,008)**	**(11,640)**	**(15,648)**
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8)	(1,342)	0	3,618	0	7,137	351	432	10,196	(10,196)	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(3,698)**	**0**	**1,966**	**0**	**7,137**	**351**	**432**	**6,188**	**(21,836)**	**(15,648)**
Transfers to/(from) Earmarked Reserves (Note 23)	3,699	(3,699)	296	(296)	0	0	0	0	0	**0**
(Increase)/Decrease in Year	**1**	**(3,699)**	**2,262**	**(296)**	**7,137**	**351**	**432**	**6,188**	**(21,836)**	**(15,648)**
Balance at 31 March 2026 Carried Forward	**(3,500)**	**(53,207)**	**(13,688)**	**(516)**	**(26,982)**	**(9,054)**	**(1,521)**	**(108,468)**	**(535,249)**	**(643,717)**

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	**(2,789)**	**(41,306)**	**(14,096)**	**(182)**	**(32,323)**	**(8,398)**	**(1,218)**	**(100,312)**	**(492,420)**	**(592,732)**
Adjustment to 31 March 2024 Closing Balance for Nil Consideration Leases									**(11,618)**	**(11,618)**
Movement in Reserves during 2024/25										
(Surplus) or Deficit on Provision of Services	(9,974)	0	(9,349)	0	0	0	0	(19,323)	0	**(19,323)**
Other Comprehensive (Income) and Expenditure	0	0	0	0	0	0	0	0	(4,396)	**(4,396)**
Total Comprehensive (Income) and Expenditure	**(9,974)**	**0**	**(9,349)**	**0**	**0**	**0**	**0**	**(19,323)**	**(4,396)**	**(23,719)**
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8)	1,060	0	7,457	0	(1,796)	(1,007)	(735)	4,979	(4,979)	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(8,914)**	**0**	**(1,892)**	**0**	**(1,796)**	**(1,007)**	**(735)**	**(14,344)**	**(9,375)**	**(23,719)**
Transfers to/(from) Earmarked Reserves (Note 23)	8,202	(8,202)	38	(38)	0	0	0	0	0	**0**
(Increase)/Decrease in Year	**(712)**	**(8,202)**	**(1,854)**	**(38)**	**(1,796)**	**(1,007)**	**(735)**	**(14,344)**	**(9,375)**	**(23,719)**
Balance at 31 March 2025 Carried Forward	**(3,501)**	**(49,508)**	**(15,950)**	**(220)**	**(34,119)**	**(9,405)**	**(1,953)**	**(114,656)**	**(513,413)**	**(628,069)**

BALANCE SHEET AS AT 31 MARCH 2026

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the council. The Net Assets (assets less liabilities) are matched by the council's reserves. There are two types of reserve shown in the Balance Sheet. The first category of reserves is usable reserves (those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use). The second category of reserves is those that the council is not able to use to provide services. This category includes reserves that contain unrealised gains and losses, where amounts would only become available to provide services if the assets are realised. They also include reserves that hold timing differences and adjustments between the accounting basis and funding basis under regulations.

31 Mar 25 £000		Note	31 Mar 26 £000
726,136	Property, Plant and Equipment	14	751,325
2,820	Heritage Assets	15	2,820
68,735	Investment Property	16	64,509
10	Intangible Assets		21
5,296	Long-Term Investments	18	5,295
717	Long-Term Debtors		669
803,714	**Long-Term Assets**		**824,639**
1,021	Short-Term Investments	18	1,016
0	Assets Held for Sale		589
83	Inventories		17
9,574	Short-Term Debtors	20	8,815
9,975	Cash and Cash Equivalents		10,965
20,653	**Current Assets**		**21,402**
(5,922)	Short-Term Borrowing	18	(12,020)
(18,369)	Short-Term Creditors	21	(18,183)
(1,746)	Provisions	22	(2,522)
(26,037)	**Current Liabilities**		**(32,725)**
(151,984)	Long-Term Borrowing	18	(150,113)
(1,418)	Pension Scheme Liability	13	(1,280)
(16,859)	Grants and Contributions in Advance	9	(18,206)
(170,261)	**Long-Term Liabilities**		**(169,599)**
628,069	**Net Assets**		**643,717**
114,656	Usable Reserves		108,468
513,413	Unusable Reserves	25	535,249
628,069	**Total Reserves**		**643,717**

Signature: ………………………………………………………… Date:

Chief Financial Officer, Section 151 Officer

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

The Cash Flow Statement shows the changes in the council's cash and cash equivalents during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities.

2024/25 £000	£000		2025/26 £000	£000
		Cash Flows from Operating Activities		
	(19,323)	Surplus on the Provision of Services		(4,008)
		Adjustments for Non-Cash Movements		
(13,231)		Depreciation of Property, Plant and Equipment	(13,761)	
5,809		Revaluation gains on Property, Plant and Equipment and Investment Property	(4,937)	
(18)		Amortisation of Intangible Assets	(3)	
(321)		Pension Fund Adjustments	1,968	
148		(Increase)/Decrease in Impairment for Bad Debts	227	
(592)		Contributions (to)/from Provisions	(776)	
(4,876)		Carrying Amount of Property, Plant and Equipment sold	(6,036)	
(7)		Carrying Amount of Intangible Assets Sold	0	
106		Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	(5)	
		Accruals adjustments:		
1		Decrease in Inventories	(66)	
2,427		Decrease/(Increase) in Short-term and Long-term Debtors	(1,034)	
3,135		Increase/(Decrease) in Short-term Creditors	186	
(2,072)	(9,491)	Decrease/(Increase) in Grants and Contributions	(1,347)	(25,584)
	(28,814)			**(29,592)**
		Adjust for Items that are Investing and Financing Activities		
5,234	5,234	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	6,036	6,036
	(23,580)	**Net Cash Flows from Operating Activities**		**(23,556)**
		Cash Flows from Investing Activities		
18,153		Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	32,830	
150		Purchase of Short Term and Long Term Investments	0	
		Other Payments for Investing Activities		
(5,234)		Proceeds from the Sale or Property, Plant, Equipment, Investment Property and Intangible Assets	(6,036)	
(3,305)		Proceeds from the Sale of Short Term and Long Term Investments	0	
	9,764	**Net Cash Flows from Investing Activities**		**26,794**
		Cash Flows from Financing Activities		
8		Cash receipts from Short & Long Term Borrowing	(10,000)	
0		Other receipts from financing activities	(82)	
5,231		Repayments of short and long term borrowings	5,231	
548		Cash Payments for the Reduction of the Outstanding Liabilities Relating to Leases	623	
	5,787	**Net Cash Flows from Financing Activities**		**(4,228)**
	(8,029)	**Net (Increase)/Decrease In Cash and Cash Equivalents**		**(990)**
	1,946	**Cash and cash equivalents at the beginning of the year**		**9,975**
	9,975	**Cash and cash equivalents at the end of the year**		**10,965**

1. MATERIAL ITEM

In prior periods, there have been significant downward valuations below historic cost in the HRA, in particular in 2010/11 when a change in the social housing adjustment factor from 45% to 32% resulted in a downward valuation of £104 million. In line with proper accounting practice, subsequent upward valuations will reverse prior year charges to the Comprehensive Income and Expenditure Statement until the historic cost value is reached, at which point a revaluation reserve will be created. In 2025/26 the value of dwellings has decreased by £1.065m, slightly increasing the difference to the 2007/08 historic cost as set in April 2007.

2. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how the council has used the funding available to it (Government grants, rents, Council Tax, business rates, etc.) to deliver services, compared with those resources consumed or earned by the Council in accordance with International Accounting Standards (IAS). Income and expenditure accounted for under IAS is presented more fully in the Comprehensive Income and Expenditure Statement. The analysis shows the reconciling adjustments for the differences between the costs under statutory provisions that are charged to the General Fund and HRA and those charged under proper accounting practice to the Comprehensive Income and Expenditure Statement.

- Adjustments for Capital Purposes: For services this represents depreciation, amortisation and revaluation losses on assets used in the provision of services; reversal of previous revaluation losses; and an adjustment for revenue expenditure funded from capital under statute (typically grants to third parties for capital works). In the *Other income and expenditure* row this represents revaluation gains and losses on investment property; gains or losses on the disposal of assets; the payments made to the pool on housing asset disposals; statutory and voluntary provision for the repayment of debt; and capital expenditure funded from the General Fund and HRA.
- Pension Adjustments: For services this represents the removal of employer pension contributions and replacing them with current service cost and past service cost as required by International Accounting Standard 19, *Employee Benefits* (IAS19). In the *Other income and expenditure* row this represents the interest payable on the pension liability in accordance with IAS19.
- Other Statutory Adjustments: This represents the separation of Council Tax between amounts collected on behalf of parishes from the council's own requirement. It also includes the timing differences between the way that Council Tax and Business Rates are accounted for under statute and proper accounting practice under IFRS.

The portfolio titles for Services have changed in the financial year but the comparators remain unchanged, see table below.

2024/25 Service Description	2025/26 Service Description
Environment	Greener Faster
Living Well	Healthy Communities
Homes for All	Good Homes for All
Vibrant Local Economy	Thriving Places
Your Services, Your Voice	Efficient and Effective

2025/26	**Net charge to the General Fund & HRA under statutory funding provisions**	**Adjustments for Capital Purposes**	**Net change Pensions Adjustments**	**Other**	**Net costs in the Comprehensive Income & Expenditure Statement**
	£000	**£000**	**£000**	**£000**	**£000**
Greener Faster	9,076	1,215	(192)	0	10,099
Healthy Communities	3,429	1,026	(38)	0	4,417
Good Homes for All	(10,740)	13,018	(264)	0	2,014
Thriving Places	1,051	343	(21)	0	1,373
Efficient and Effective	6,604	447	(395)	0	6,656
Cost of Services	**9,420**	**16,049**	**(910)**	**0**	**24,559**
Other income & expenditure	(28,715)	1,205	(1,057)	0	(28,567)
Other General Fund & HRA items	24,705	(26,641)	0	1,936	0
(Surplus)/deficit on the General Fund & HRA	**5,410**	**(9,387)**	**(1,967)**	**1,936**	**(4,008)**

Opening General Fund and HRA balance at 1 April 25	(103,298)
Surplus on General Fund and HRA	5,410
Loss on valuation (to Pooled Fund Adjustment Account)	(5)
Closing General Fund & HRA balance 31 March 26	**(97,893)**

Analysis of Reserve Balance	**General Fund £000**	**HRA £000**	**Total £000**
General Fund Balance	(3,500)		(3,500)
Earmarked Reserves	(53,207)	(516)	(53,723)
HRA balance		(13,688)	(13,688)
Major Repairs Reserve		(26,982)	(26,982)
Total	(56,707)	(41,186)	**(97,893)**

2024/25	**Net charge to the General Fund & HRA under statutory funding provisions £000**	**Adjustments for Capital Purposes £000**	**Net change Pensions Adjustments £000**	**Other £000**	**Net costs in the Comprehensive Income & Expenditure Statement £000**
Greener Faster	6,852	742	30	0	7,624
Healthy Communities	2,669	1,099	6	0	3,774
Good Homes for All	(14,971)	6,280	(13)	0	(8,704)
Thriving Places	1,159	839	3	0	2,001
Efficient and Effective	6,470	772	(77)	0	7,165
Cost of Services	**2,179**	**9,732**	**(51)**	**0**	**11,860**
Other income & expenditure	(31,786)	232	371	0	(31,183)
Other General Fund & HRA items	16,897	(18,954)	0	2,057	0
(Surplus)/deficit on the General Fund & HRA	**(12,710)**	**(8,990)**	**320**	**2,057**	**(19,323)**

Opening General Fund and HRA balance at 1 April 24	(90,696)
Surplus on General Fund and HRA	(12,710)
Loss on valuation (to Pooled Fund Adjustment Account)	106
Other	2
Closing General Fund and HRA balance at 31 March 25	**(103,298)**

Analysis of Reserve Balance	**General Fund £000**	**HRA £000**	**Total £000**
General Fund Balance	(3,501)		(3,501)
Earmarked Reserves	(49,508)	(220)	(49,728)
HRA balance		(15,950)	(15,950)
Major Repairs Reserve		(34,119)	(34,119)
Total	(53,009)	(50,289)	**(103,298)**

The following table shows the nature of the income and expenditure on council services that are reported in the Comprehensive Income and Expenditure Statement:

2024/25		2025/26
£000		£000
25,573	Employees	26,298
14,529	Premises	18,020
378	Transport	375
8,616	Supplies & services	9,627
10,348	Third party payments	10,661
17,820	Transfer payments	14,669
9,731	Capital charges	16,051
(700)	Support services	(709)
(74,435)	External income	(70,433)
11,860	**Cost Of Services**	**24,559**

2024/25	Analysis of External Income	2025/26
£000		£000
(19,569)	Government grants & contributions	(15,587)
(37,255)	HRA: rent, service Charges, & other income	(37,415)
(17,611)	General Fund: fees, charges & other income	(17,431)
(74,435)		(70,433)

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 28 the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Future funding for local government - there is a high degree of uncertainty about future levels of funding for local government. However, the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Asset reclassifications - the council has made judgements on whether assets are classified as Investment Property, Heritage Assets or Property, Plant and Equipment. These judgements are based on the main reason that the council is holding the asset. If the asset is used in the delivery of services or is occupied by third parties who are subsidised by the council, they are deemed to be Property, Plant and Equipment assets. If there is no subsidy and/or full market rent is being charged this would indicate that the asset is an Investment Property, if held principally to be preserved, in trust, for future generations because of their cultural, environmental or historical associations, this would indicate a Heritage Asset. The classification determines the valuation method to be used.
- Contractual arrangements - the council has made judgements on whether its contractual arrangements contain embedded leases (i.e. arrangements that are not legally leases but take the form of payments in return for the use of specific assets). In February 2021 the council signed a contract agreement with Biffa Waste Services Limited for the provision of waste and recycling collection services. The contract involves the exclusive use of a fleet of refuse collection vehicles with an initial value of approximately £3.5m, the council has determined that there is in substance a lease of those vehicles and has recognised them on the Balance Sheet.

- In calculating the net pensions asset, the council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. As a result, the Council's ability to realise the full economic benefits of the net pensions asset calculated under the Accounting Code's provisions for post-employment benefits through reductions in future employer's contributions is limited. An asset ceiling therefore applies and has reduced what would otherwise be the net pensions asset of £18.1 million to £nil.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used; the rate at which salaries are projected to increase; changes in retirement ages; mortality rates; and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivity of each of the assumptions used by the actuaries can be seen in Note 13 to the accounts.
Arrears/Debt Impairment	At 31 March 2026, the council had a balance of sundry debtors of £4.4 million. A review of debtors, profiled by the age of the debt, suggested that a loss allowance of 11.5% (£0.5 million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, and an increase of 5% was attributed to each category of aged debt, an additional charge of £79k would need to be set aside as an allowance.
Provision for Business Rates appeals	Since the introduction of the Business Rate Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2025/26 and earlier financial years, in their proportionate share. A provision has been recognised as the best estimate that businesses have been overcharged based on the Valuation Office ratings list of appeals, the analysis of previous appeals and other known relevant information.	The council's share of the total business rate appeal provision of £5.98 million amounted to £2.39 million which has reduced the amount of income that is distributed from the Collection Fund to the council's General Fund. A 10% increase or decrease in the council's share of the provision would require an adjustment of £239k.
Valuation of operational property	The council's external valuer provided valuations as at 31 March 2026 for the whole portfolio. Asset valuations are based on market prices.	A reduction in estimated valuations would result in reductions to the revaluation reserve and/or a loss recorded in the Comprehensive Income and Expenditure statement (CIES). If the value of operational properties reduced by 10%

Item	Uncertainties	Effect if actual results differ from assumptions
		this would result in a £10.9m total reduction to the revaluation reserve and/or loss to the CIES. The charge to the CIES would be reversed out to the Capital Adjustment Account (CAA) and would not affect the General Fund balance. An increase in estimated valuations would result in increases to the revaluation reserve and/ or reversals of previous negative revaluations in the CIES.
Fair value measurement of investment property	The council's external valuer uses valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. Valuers base assumptions on observable data where it's available and the best information available where it is not.	Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. Revaluation movements are accounted for in the CIES. If the value of Investment properties reduced by 10%, this would result in a £6.5m charge to the CIES. The charge to the CIES would be reversed out to the Capital Adjustment Account (CAA) and would not affect the General Fund balance.
Valuation of Council Dwellings	The council's HRA dwellings are valued on a beacon methodology based on a number of information sources. These include sales of directly comparable property, local information on house price movements and other regional and national indices.	A reduction in estimated valuations would result in reductions to the revaluation reserve and/or a loss recorded in the Comprehensive Income and Expenditure statement (CIES). If the value of council dwellings reduced by 5% this would result in a £29.1m charge to the CIES. The charge to the CIES would be reversed out to the Capital Adjustment Account (CAA) and would not affect the HRA balance. An increase in estimated valuations would result in increases to the revaluation reserve and/ or reversals of previous negative revaluations in the CIES.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was certified by the Chief Financial Officer as true and fair at the time of signing the accounts. 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, in all material respects, been adjusted to reflect the impact of this information.

6. GOING CONCERN

Underlying principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future. The provisions in the Code of Audit Practice 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.

A balanced 2026/27 budget was set in February 2026, and this included a forecast balanced position for 2026/27. The key known risks were related to government funding, and the final settlement announced in January 2026 has given greater assurance over funding for the next three years.

The final outturn is £2m favourable to the original budget, with reduced draws on earmarked reserves which have been protected as far as possible and, in some cases, even replenished. With the reduction in local government funding showing higher than anticipated medium term forecast deficits, the Transitional Reserve will be used to ensure that the council is able to maintain services and produce a balanced budget while it continues its programme of identifying and implementing cost savings as part of the Medium-Term Financial Strategy. A balanced budget has been set for 2026/27, and the level of reserves are expected to be adequately maintained to provide a robust medium term financial strategy.

Cash position

The council had a cash and investment balance of £17.3m as at 31 March 2026. Of this, £5m is invested in the CCLA property fund and is therefore not readily liquid. The council has undertaken a cashflow forecast looking forward through 2026/27 and the following financial period, and without the impact of the capital programme does not forecast the need to borrow for revenue purposes. Due to its capital programme, and prior year unfinanced capital expenditure, the council may need to increase its external borrowing within the current or following period. However, due to its forecast reserve position, a significant proportion of its capital financing requirement will remain covered by internal borrowing; this results in an opportunity cost which is lower than if the council were to externalise all of its capital borrowing need.

As well as access to the PWLB for its long-term borrowing needs, the council is also able to borrow for short-term liquidity purposes if necessary and so the council remains confident in its ability to maintain sufficient liquidity.

Local Government Reorganisation (LGR)

The council will form part of the new Mid Hampshire unitary council on 1st April 2028 there is no impact on going concern because the Code adopts the presumption of continuation of service and the council's services will be transferred under LGR to the new authority.

Conclusion

These accounts have been prepared on a going concern basis; assessed up to 31 March 2028. The council has sufficient access to cash and borrowing to ensure its liquidity, plans to set a balanced budget for 2027/28, and has sufficient reserves throughout the period of its Medium-Term Financial Strategy. Reserve balances include £13.5m of risk reserves which are in addition to the general fund balance of £3.5m, giving high levels of assurance that the council is in a strong position to deal with any future unexpected events.

7. ACCOUNTING STANDARDS ISSUED BUT NOT ADOPTED

There are no other changes in accounting requirements for 2026/27 that are anticipated to have a material impact on the council's financial performance or financial position.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments made to the Comprehensive Income and Expenditure recognised by the council in year (shown in accordance with proper accounting practice) to present the alternative view of the resources available to the council to meet future capital and revenue expenditure (in accordance with statute).

2024/25 General Fund Balance £000	2024/25 Housing Revenue Account £000	2024/25 Capital Receipts Reserve £000	2024/25 Major Repairs Reserve £000	2024/25 Capital Grants Unappl'd £000	Adjustments between Accounting Basis and Funding Basis	2025/26 General Fund Balance £000	2025/26 Housing Revenue Account £000	2025/26 Capital Receipts Reserve £000	2025/26 Major Repairs Reserve £000	2025/26 Capital Grants Unappl'd £000
					Adjustments to Revenue Resources					
(344)	23	0	0	0	Pensions (transfers to/ from Pensions Reserve)	1,782	186	0	0	0
(2,057)	0	0	0	0	Council Tax and Business Rates (transfers to/ from the Collection Fund Adjustment Account)	(1,936)	0	0	0	0
(1,164)	(8,198)	0	0	(735)	Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Adjustment Account	(7,874)	(15,630)	0	0	432
106	0	0	0	0	Fair value gains/losses of pooled investment funds	(5)	0	0	0	0
114	(114)	0	0	0	Other adjustments	104	(104)	0	0	0
(3,345)	(8,289)	0	0	(735)	Total Adjustments to Revenue Resources	(7,929)	(15,548)	0	0	432
					Adjustments between Revenue & Capital Resources					
201	5,204	(5,405)	0	0	Transfer of non current sale proceeds from revenue to the Capital Receipts Reserve	1,418	8,193	(9,301)	0	0
0	10,542	0	(10,542)	0	Funding set aside to Major Repairs Reserve	0	10,973	0	(10,973)	0
1,737	0	0	0	0	Statutory provision for the Financing of Capital	1,811	0	0	0	0
0	0	0	0	0	Voluntary provision for the Financing of Capital	265	0	0	0	0
2,467	0	0	0	0	Capital Expenditure financed from revenue	3,093	0	0	0	0
4,405	15,746	(5,405)	(10,542)	0	Total Adjustments between Capital and Revenue Resources	6,587	19,166	(9,301)	(10,973)	0
					Adjustments to Capital Resources					
0	0	4,398	0	0	Use of Capital Receipts Reserve to finance capital	0	0	9,963	0	0
0	0	0	8,746	0	Use of Major Repairs Reserve to finance capital	0	0	0	18,110	0
0	**0**	**4,398**	**8,746**	**0**	Total Adjustments to Capital Resources	0	0	9,653	18,110	0
1,060	**7,457**	**(1,007)**	**(1,796)**	**(735)**	**Total Adjustments**	**(1,342)**	**3,618**	**352**	**7,137**	**432**

9. GRANT INCOME

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2024/25 £000	Credited to Services	2025/26 £000
(8,864)	Rent Allowances	(6,993)
(8,825)	Rent Rebates	(7,490)
(955)	Contributions	(688)
(925)	Other Grants	(416)
(19,569)	**Total**	**(15,587)**

2024/25 £000	Credited to Taxation and Non-Specific Grant Income	2025/26 £000
	Non Domestic Rates Income and Expenditure	
(26,566)	Retained Business Rates	(28,092)
1,892	Levy Payment	1,320
22,894	Tariff Payment	23,155
862	Share of (surplus)/deficit	750
(641)	Allowances	(689)
(5,721)	S31 Grants	(4,956)
(16)	Other	(18)
(7,296)		(8,530)
	Capital Grants and Contributions	
(4,493)	Other Capital Grants and Contributions	(1,038)
(3,474)	Community Infrastructure Levy	(622)
0	Local Authority Housing Fund	(1,019)
(1,528)	Disabled Facilities Grant	(1,635)
(9,495)		(4,314)
	Non-Ringfenced Government Grants	
(2,095)	New Burdens Grant	(1,776)
(1,645)	New Homes Bonus	(1,811)
(166)	Revenue Support Grant	(212)
0	Employers National Insurance Scheme	(196)
(1,193)	Funding Guarantee	(575)
0	Extended Producer Responsibility Allowance	(1,680)
(69)	Other	0
(5,168)		(6,250)
(21,959)	**Total**	**(19,094)**

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

31/3/25 £000	Grants and Contributions in Advance	31/3/26 £000
(12,841)	Developers' Contributions - Social Housing	(14,394)
(1,474)	Developers' Contributions - West of Waterlooville	(1,400)
(1,004)	Developers' Contributions - North Whiteley	(975)
(353)	LA Housing Fund	(318)
(235)	Partnership fund for South Hampshire	(140)
(616)	Developers' Contributions - Open Spaces	(586)
(336)	Other	(393)
(16,859)	**Total**	**(18,206)**

10. AUDIT FEES

The council has incurred the following costs in relation to the audit of the Statement of Accounts provided by the council's appointed external auditor Ernst & Young LLP. The certification of grant claims is carried out by other audit providers.

2024/25 £000		2025/26 £000
173	Fees payable to External Auditor with regard to the External Audit services carried out by the Appointed Auditor[1]	221
27	Fees payable to the External Auditor for the certification of Grant Claims and Returns	22
0	Fees payable in respect of the Other Services provided by the External Auditor	0
200	**Total**	**243**

[1]The 2023/24 scale fee variation of £59,832 approved by the PSAA was also paid in the 2025/26 financial year. The council received a credit note for £16,999 in relation to the 2022/23 final audit fee in the 2025/26 financial year. Both transactions are not included in the disclosed figure.

11. OFFICERS' REMUNERATION

Employees' remuneration

Information relating to employees' remuneration is required to be published under the Accounts and Audit Regulations 2015. The following note shows the number of employees whose total remuneration exceeded £50,000 in 2025/26. For this purpose, remuneration includes gross pay, all taxable benefits and redundancy payments but excludes employer pension contributions.

The banding note also includes the senior officer posts detailed below.

2024/25				2025/26		
Ongoing employees	Employees left in year	Total Employees	Remuneration Band	Ongoing employees	Employees left in year	Total Employees
36	2	**38**	£50,000-£54,999	42		**42**
11	2	**13**	£55,000-£59,999	16		**16**
8	2	**10**	£60,000-£64,999	12	1	**13**
10		**10**	£65,000-£69,999	11		**11**
6		**6**	£70,000-£74,999	2	2	**4**
		0	£75,000-£79,999	7		**7**
2		**2**	£80,000-£84,999	2		**2**
2		**2**	£85,000-£89,999	4		**4**
1		**1**	£95,000-£99,999	0		**0**
1		**1**	£100,000-£104,999	3		**3**
		0	£105,000-£109,999	1		**1**
2		**2**	£115,000-£119,999	0		**0**
1		**1**	£120,000-£124,999	1		**1**
1		**1**	£145,000-£149,999	0		**0**
		0	£150,000-£154,999	1		**1**
81	6	**87**		102	3	**105**

Senior Officers' remuneration

Further details relating to individual senior employees' remuneration is required to be published under the Accounts and Audit Regulations 2015. This note gives the details of the salary, allowances, benefits-in-kind and pension payments for senior employees whose salary exceeded £50,000 in 2025/26.

2025/26	**Salary**	**Taxable expenses & benefits**	**Pension payments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Chief Executive - Laura Taylor[1]	151	1	27	179
Strategic Director: Place[2]	97	2	16	115
Strategic Director: Services	122	1	22	145
Director: Finance[3]	101	1	18	120
Director: Legal[4]	101	1	18	120
Director: Regeneration	104	1	19	124

1. The Chief Executive also received payments of £3,915 as Returning Officer in 2025/26, that are excluded above.

2. The Strategic Director: Place left 27th April 2025 and a new post holder was appointed 7th July 2025.

3. The S151 Officer is the Director: Finance.

4. The Monitoring Officer is the Director: Legal.

2024/25	**Salary**	**Taxable expenses & benefits**	**Pension payments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Chief Executive - Laura Taylor[1]	146	1	26	173
Strategic Director: Place	119	1	21	141
Strategic Director: Services	116	1	21	138
Director: Finance[2]	95	1	17	113
Director: Regeneration	121	1	22	144
Director: Legal[3]	52	0	9	61
Monitoring Officer[4]	22	1	4	27

1. The Chief Executive also received payments of £20,108 as Returning Officer in 2024/25, that are excluded above.

2. The S151 Officer is the Director: Finance.

3. The Director: Legal was appointed 16th September 2024 and became the Monitoring Officer from 6th November 2024.

4. Monitoring Officer until 5th November 2024.

12. TERMINATION BENEFITS AND EXIT PACKAGES

The council terminated the contracts of 6 employees, incurring liabilities (for compensation for loss of office; employer's pension contributions for enhanced benefits; and other costs) in 2025/26 of £174,477 (£117,926 in 2024/25).

2024/25				2025/26		
Compulsory Redundancy	Other Termination	Amount Paid (£)	Total Package	Compulsory Redundancy	Other Termination	Amount Paid (£)
0	5	42,152	£0 - £20,000	0	2	20,970
1	0	22,924	£20,001 - £40,000	0	2	47,894
0	1	52,850	£40,001 - £60,000	0	1	44,933
0	0	0	£60,001 - £80,000	1	0	60,680
1	**6**	**117,926**		**1**	**5**	**174,477**

13. DEFINED BENEFIT PENSION SCHEMES

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

The council participates in the Local Government Pension Scheme, administered locally by Hampshire County Council. This is a funded defined benefit final salary scheme, meaning that the council and its employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The council has also awarded discretionary post-retirement benefits upon early retirement. This is also through the Local Government Pension Scheme but as an unfunded defined benefit arrangement. The liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions' liabilities, and cash is paid to the scheme to meet actual pension payments as they eventually fall due. The Pension Scheme is operated under the LGPS (Benefits, Membership and Contributions) Regulations 2007 and the governance of the scheme is the responsibility of the pension committee of Hampshire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the committee.

The principal risks to the council of the scheme are the longevity assumptions; statutory changes to the scheme; structural changes to the scheme; and changes in inflation, bond yields and performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the council's General Fund the amounts required by statute.

The constructive obligation on the Council's share of the Hampshire Pension Fund resulting from the McCloud judgement has been included in the figures in the 2025/26 financial statements.

<u>Transactions relating to post-employment benefits</u>
The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the accounts during the year:

2024/25 £000		2025/26 £000
	Included in the Cost of Services	
3,172	Current Service Cost	2,440
0	Past Service Cost	57
0	Settlement Cost	0
	Included in Financing and Investment Income and Expenditure	
371	Net Interest on the Net Defined Benefit Liability	(1,057)
	Included in Other Comprehensive Income and Expenditure	
6,658	Remeasurement of the Net Defined Benefit Liability	(1,830)
10,201	**Total Included in Comprehensive Income and Expenditure**	**(390)**
	Included in the Movement in Reserves	
(3,543)	Removal of Notional Charges Made for Retirement Benefits	(1,440)
3,222	Inclusion of Actual Employer’s Contributions Payable	3,408
(321)	**Total Included in the Movement in Reserves**	**1,968**
	Actual Employer’s Contributions Charged Against Council Tax	
3,053	Normal Funded Contributions	3,246
0	Lumps Sums for Early Retirements	0
169	Discretionary / Unfunded Added Years	162
3,222	**Total Amount Charged to Council Tax**	**3,408**

Assets and liabilities in relation to post-employment benefits

The movement in scheme liabilities was:

2024/25 £000		2025/26 £000
	Opening Present Value of Liabilities	
(160,568)	**Funded**	**(139,646)**
(1,554)	**Unfunded**	**(1,418)**
(3,172)	Current Service Cost	(2,440)
(7,731)	Interest Expense on Benefit Obligation	(8,102)
(1,194)	Contributions by Scheme Participants	(1,280)
24,911	Actuarial Gains / (Losses) - Financial Assumptions	4,316
283	Actuarial Gains / (Losses) - Demographic Assumptions	2,079
1,660	Actuarial Gains / (Losses) - Experience	(10,438)
0	Actuarial Gains / (Losses) on Liabilities	0
6,301	Net Benefits Paid Out	6,567
0	Past Service Cost	(57)
0	Settlements	0
(141,064)	**Closing Present Value of Liabilities**	**(150,419)**
(139,646)	**Funded**	**(149,139)**
(1,418)	**Unfunded**	**(1,280)**

The movement in the fair value of the scheme assets was:

2024/25 £000		2025/26 £000
154,367	**Opening Fair Value of Assets**	**158,839**
7,360	Interest Income on Assets	9,159
1,194	Contributions by Scheme Participants	1,280
3,053	Contributions by the Employer	3,246
169	Contributions in respect of unfunded benefits	162
(1,003)	Remeasurement Gains / (Losses) on Assets	1,120
(6,301)	Net Benefits Paid Out	(6,567)
158,839	**Closing Fair Value of Assets**	**167,239**

The closing position of the fund as at 31 March 2026 was (£1.28m).

2024/25 £000		2025/26 £000
158,839	Fair Value of Plan Assets	167,239
(139,646)	Present Value of Funded Obligations	(149,139)
(19,193)	Effect of the Asset Ceiling	(18,100)
(1,418)	Present Value of Unfunded Obligations	(1,280)
(1,418)	**Closing Position as at 31 March**	**(1,280)**

Calculation of the effect of the asset ceiling

The effect of the asset ceiling has been determined by the Scheme's actuaries on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions because of the minimum funding requirement imposed on it by the funding strategy for the Scheme in place at 31 March 2026.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy.

The actual return on scheme assets in 2025/26 was a gain of £10.3 million (£6.4 million gain in 2024/25).

Impact on the council's cash flow

A deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary and the recent changes to the scheme introduced on 1 April 2014 which will increase the amount paid into the scheme by employees and employers.

The total contributions expected to be made to the scheme by the council in the year to 31 March 2027 is £2.85 million.

Basis for estimating assets and liabilities

The latest actuarial valuation of the Council's liabilities took place as at 31 March 2025. Liabilities have been estimated by the independent actuary, Hymans Robertson LLP, on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the valuation were:

2024/25 £000		2025/26 £000
	Principal Financial Assumptions	
5.8%	Rate for Discounting Scheme Liabilities	6.2%
2.8%	CPI Inflation Rate	3.0%
2.8%	Pension Increases	3.0%
3.8%	Rate of General Increases in Salaries	4.0%
	Mortality Assumptions	
	Future lifetime from 65 for members aged 65 at 31 March	
22.0	Males	22.1
24.7	Females	24.7
	Future lifetime from 65 for members aged 45 at last formal valuation	
22.5	Males	22.8
25.6	Females	25.9

The scheme assets consist of the following categories, by proportion of total assets held:

	2025/26		
	Quoted	Unquoted	Total
Equity Securities	33%	0%	33%
Private Equity	0%	9%	9%
UK Property	0%	9%	9%
Corporate Bonds	5%	5%	10%
UK Government Bonds	15%	0%	15%
Other Debt Securities	9%	2%	11%
Cash	2%	0%	2%
Investment Funds/ Unit Trusts	0%	11%	11%
	64%	36%	100%

	2024/25		
	Quoted	Unquoted	Total
Equity Securities	33%	0%	33%
Private Equity	0%	9%	9%
UK Property	0%	9%	9%
Corporate Bonds	5%	5%	10%
UK Government Bonds	15%	0%	15%
Other Debt Securities	9%	2%	11%
Cash	2%	0%	2%
Investment Funds/ Unit Trusts	0%	11%	11%
	64%	36%	100%

The overall expected return on each asset class is set out above. The overall expected rate of return on assets is then derived by aggregating the expected return on each asset class over the actual asset allocation from the Fund as at 31 March 2026.

Sensitivity of Actuarial Assumptions

The following table shows the sensitivity of the actuarial assumptions and what impact a 0.1% change would have for each of the assumptions.

Change in Assumptions as at 31 March 2026	**Approximate % increase to Defined Benefit Obligation**	**Approximate Monetary Amount £000**
0.1% decrease in Real Discount Rate	1%	2,243
0.1% increase in the Salary Increase Rate	0%	94
0.1% increase in the Pensions Increase Rate (CPI)	1%	2,148
1 year increase in member life expectancy	4%	6,017

14. PROPERTY, PLANT AND EQUIPMENT (PPE)

Movements in 2025/26	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Right of Use Assets	Total Property, Plant and Equipment
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2025	**582,443**	**107,260**	**6,935**	**12,630**	**1,073**	**4,835**	**1,841**	**18,666**	**735,683**
Additions	8,723	548	1,803	309	0	52	21,298	36	**32,769**
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	0	2,326	0	0	0	8,362	0	1,173	**11,861**
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(11,747)	979	0	0	0	0	0	(28)	**(10,796)**
Derecognition - Disposals	(4,543)	(31)	(71)	(627)	0	0	0	0	**(5,272)**
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	(589)	0	**(589)**
Reclassifications	6,610	(2,013)	0	0	0	0	(6,609)	0	**(2,012)**
At 31 March 2026	**581,486**	**109,069**	**8,667**	**12,312**	**1,073**	**13,249**	**15,941**	**19,847**	**761,644**
Accumulated Depreciation and Impairment									
At 1 April 2025	**0**	**0**	**(2,739)**	**(4,776)**	**(177)**	**0**	**0**	**(1,855)**	**(9,547)**
Depreciation Charge	(10,682)	(1,430)	(437)	(398)	0	0	0	(814)	**(13,761)**
Accumulated Depreciation Written-Out to the Gross Carrying Amount on Depreciation Written-Out to the Revaluation Reserve	0	1,429	0	0	0	0	0	180	**1,609**
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	10,682	0	0	0	0	0	0	0	**10,682**
Derecognition - Disposals	0	1	71	627	0	0	0	0	**699**
At 31 March 2026	**0**	**0**	**(3,105)**	**(4,547)**	**(177)**	**0**	**0**	**(2,489)**	**(10,318)**
Net Book Value									
At 31 March 2026	581,486	109,069	5,562	7,765	896	13,249	15,941	17,358	751,326
At 31 March 2025	582,443	107,260	4,196	7,854	896	4,835	1,841	16,811	726,136

Movements in 2024/25	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Right of Use Assets**	**Total Property, Plant and Equipment**
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2024	**558,912**	**107,181**	**14,845**	**11,512**	**1,073**	**5,118**	**23,846**	**12,219**	**734,706**
Additions	9,797	1,888	1,583	1,118	0	0	3,672	1,190	**19,248**
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	0	(5,396)	0	0	0	(298)	0	1,785	**(3,909)**
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(4,073)	215	0	0	0	15	0	(25)	**(3,868)**
Derecognition - Disposals	(1,571)	0	(5,997)	0	0	0	(3,094)	0	**(10,662)**
Reclassifications	19,378	3,372	(3,496)	0	0	0	(22,583)	3,497	**168**
At 31 March 2025	**582,443**	**107,260**	**6,935**	**12,630**	**1,073**	**4,835**	**1,841**	**18,666**	**735,683**
Accumulated Depreciation and Impairment									
At 1 April 2024	**0**	**0**	**(9,599)**	**(4,423)**	**(177)**	**0**	**0**	**0**	**(14,199)**
Depreciation Charge	(10,282)	(1,491)	(404)	(353)	0	0	0	(701)	**(13,231)**
Accumulated Depreciation Written-Out to the Gross Carrying Amount on Depreciation Written-Out to the Revaluation Reserve	0	1,491	0	0	0	0	0	157	**1,648**
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	10,282	0	0	0	0	0	0	0	**10,282**
Derecognition - Disposals	0	0	5,953	0	0	0	0	0	**5,953**
Other Movements in Depreciation and Impairment	0	0	1,311	0	0	0	0	(1,311)	**0**
At 31 March 2025	**0**	**0**	**(2,739)**	**(4,776)**	**(177)**	**0**	**0**	**(1,855)**	**(9,547)**
Net Book Value									
At 31 March 2025	582,443	107,260	4,196	7,854	896	4,835	1,841	16,811	726,136
At 31 March 2024	558,912	107,181	5,246	7,089	896	5,118	23,846	0	708,288

Depreciation and estimated useful lives

From April 2017 the council has been required to calculate depreciation on all HRA properties in accordance with proper practices, splitting assets into components with similar useful lives when doing the calculation. Previously, depreciation on HRA dwellings was an amount equivalent to the Major Repairs Allowance element of the Housing Revenue Account Self-Financing Determination. The lives of the material HRA components used in the calculation of dwelling depreciation are:

Boilers	15 years
Heating	30 – 40 years
Kitchens	20 years
Bathrooms	30 years
Roofs	50 years
Doors & windows	40 years
Electrical rewiring	30 years
Eaves & rainwater	40 years
Structure	73 years

For other types of assets, the following useful lives have been used in the calculation of depreciation:

Other Land and Buildings	5 – 60 years
Vehicles, Plant, Furniture and Equipment	4 – 20 years
Infrastructure	5 – 60 years
Community Assets	5 – 60 years

There were no significant changes to the asset lives and depreciation methods used to calculate the charges during the year.

Capital Commitments for Property, Plant and Equipment

As at 31 March 2026, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2026/27 and future years. The total commitments at 31 March 2026 were £18,881,000 (similar commitments at 31 March 2025 were £4,898,000) made up as follows: -

	£000
HRA - New Build (Kings Barton)	14,212
HRA - New Build (Woodman Close)	1,650
HRA - Major Works	966
HRA - New Build (Hazeley Road)	855
GF - Land and Buildings	423
GF - REFCUS	324
GF - Plant, vehicles & Equipment	281
HRA - Infrastructure	170
Grand Total	18,881

Revaluations and Impairments

The council carries out a rolling programme that ensures that all Property, Plant and Equipment (PPE) required to be measured at current value, or in the case of surplus assets fair value, is carried out at least every five years. Investment Properties are valued annually.

During 2025/26, Wilks Head & Eve (WHE) carried out a re-valuation of all of the Council's investment properties as well as all of the PPE assets:

- Investment properties – valuation date 31/03/2026
- PPE– valuation date 31/03/2026
- Car parks & Winchester Sport & Leisure Park - valuation date 31/03/2026

- HRA dwellings and Garages - valuation date 31/03/2026

The valuations were carried out in accordance with Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (issued November 2021 and effective 31 January 2022) and the RICS Valuation – Global Standards 2017: UK National Supplement (issued November 2018 and effective from 14 January 2019), and in accordance with the specific sections in the IFRS based CIPFA Code of Practice on Local Authority Accounting (the Code).
Apart from infrastructure, community assets, assets under construction,AND Plant Vehicles and Equipment the basis of valuation for PPE assets is current value and there are four measurement approaches to calculating current value in the Code:

- For operational property, the asset is measured at its Existing Use Value (EUV) in accordance with the definitions in UKVS13.
- For social housing using the Beacon Method (as recommended in the Guidance on Stock Valuation for Resource Accounting revised November 2016) to arrive at the Market Value of the social housing stock, with an adjustment factor of 33% applied to arrive at EUV-Social Housing.
- For specialised assets Depreciated Replacement Cost (DRC) in accordance with UK VS 1.15 and UKGN2.
- For surplus assets, Fair Value as defined under IFRS 13 and as adopted by the Code.

The basis of valuation for Investment Properties is fair value in accordance with IAS 40 Investment Property and is subject to IFRS 13 Fair Value Measurement regarding the Fair Value hierarchy (input levels); consideration of the highest and best use; and disclosure requirements. To arrive at fair value, inputs include Market Value, Market Rental Value, yields, voids, contract duration, size, layout, location, access, condition, lease covenants, obsolescence, and income.

The valuation figures incorporated in the accounts are the aggregate of separate individual asset valuations of the portfolio, produced for financial reporting purposes only, and not a valuation or apportioned valuation of the portfolio valued as a whole. Valuations of vehicles, plant, furniture and equipment are based on historic cost. The following table shows for each category of property, plant and equipment, those assets that are valued at historic cost and those which are re-valued (including the year in which the revaluations were completed).

	2025/26	**2024/25**	**2023/24**	**2022/23**	**2021/22**	**Historic Cost**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Council Dwellings	581,486	0	0	0	0	0	**581,486**
Land & Buildings	109,069	0	0	0	0	0	**109,069**
Plant / Vehicles / Equipment	0	0	0	0	0	5,562	**5,562**
Infrastructure	0	0	0	0	0	7,765	**7,765**
Community	0	0	0	0	0	896	**896**
Surplus	13,249	0	0	0	0	0	**13,249**
Assets Under Construction	0	0	0	0	0	15,941	**15,941**
Right of Use	17,358	0	0	0	0	0	**17,358**
Total	**721,162**	**0**	**0**	**0**	**0**	**30,164**	**751,326**

15. HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the council:

	Archaeological collection	Art collection	Civic Regalia	Total
Cost or Valuation	**£000**	**£000**	**£000**	**£000**
1 April 2024	**500**	**600**	**1,720**	**2,820**
31 March 2025	**500**	**600**	**1,720**	**2,820**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	**0**	**0**	**0**	**0**
31 March 2026	**500**	**600**	**1,720**	**2,820**

Art Collection (Topographical Art and Portraits)
The Authority undertook an external valuation of its artwork with an independent auction house (Andrew Smith & Son) on 21ST February 2024. This was a full market valuation of the collection for insurance purposes, based on commercial markets including recent transaction information from auctions where similar types of painting are regularly being purchased. Due to most of the art collection consisting of prints and original works by local amateur artists the individual artworks attract a nominal financial value.

There were no revaluations in the current or preceding financial year that affect the council's balance sheet.

Civic Regalia
An external valuation of the civic regalia was carried out on 21st February 24 (previous valuations were conducted as of 15 June 2011) by an independent auction house (Andrew Smith & Son). This was a full market valuation of the collection for insurance purposes. There were no revaluations in the current or preceding financial year.

Archaeology
The Archaeology collection has relatively little financial value, apart from a few pieces including the marble head, which is on loan to the British Museum, but is of scientific value. No revaluations in the current or preceding financial year.

Museum Collection Additions
There were a number of additions and donations to the museum collections during the year, none of which has a significant monetary value (exceeding £100,000). The additions include acquisitions of:

- Framed watercolour c.1850 of Field House at Field Place Hursley Hampshire
- Oil painting portrait of "Minnie" by Fred Appleyard in gold painted gesso frame dated 1903 estimated at over £15,000 based on the exhibition insurance valuation
- Oil painting portrait of "Margaret" by Fred Appleyard in gold painted gesso frame dated 1903 estimated at over £15,000 based on the exhibition insurance valuation
- Twyford & Shawford Golf Club medal dated 1891

There have been no disposals during this period.

16. INVESTMENT PROPERTIES

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

2024/25 £000		2025/26 £000
	Income and Expenditure in Relation to Investment Properties	
(4,160)	Rental Income from Investment Property	(4,042)
754	Direct Operating Expenses of Investment Property	862
0	(Gain)/Loss on Disposal of Investment Property	0
605	Net (Gain)/Loss on Revaluation of Investment Property	4,822
(2,801)	**Net (Income)/Expenditure on Investment Properties**	**1,642**

The council's investment properties were revalued as part of the exercise undertaken by Wilks Head & Eve LLP (see note 14).

2024/25 £000		2025/26 £000
69,667	**Balance at the start of the year**	**68,735**
1	Additions - Acquisitions	0
0	Additions - Enhancements	46
(160)	Disposals	(1,463)
(605)	Net Gains/(Losses) from Fair Value Adjustments	(4,822)
	Transfers:	
(168)	(To)/From Property, Plant and Equipment	2,013
68,735	**Balance at the end of the year**	**64,509**

Investment Properties Fair Value (FV) Measurements

	Retail	Offices	Industrial	Residential / Garages	Other	Total
	£000	£000	£000	£000	£000	£000
Level 2 FV Measurements	23,043	8,944	7,415	24,261	846	64,509

Valuation Techniques and Inputs	Land, Office, Industrial, Residential, Garage and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy. Typical valuation inputs that have been analysed in arriving at fair value include: market rental and sale values; yields; void and letting periods; size; configuration, proportions and layout; location, visibility and access; condition; lease covenants; and obsolescence.

Unobservable Inputs	There are no assets within the Council's portfolio that are classed at Level 3 in the fair value hierarchy.
Sensitivity of Unobservable Inputs	n/a

The Council holds several assets (garages, parcels of land, and small industrial units) as investment properties where the highest and best use is greater than their current use. In total, the difference between their current value and their highest and best use value is £12.4m. Of this amount, £12.1m relates to garage sites which are being held as investment properties for their rental income and future development potential.

Capital Commitments for Investment Property Assets

As at 31 March 2026, the council had not entered into any contracts for the enhancement or acquisition of Investment Properties in 2026/27 and future years. The total commitment at 31 March 2026 was £nil (similar commitments at 31 March 2025 were £nil).

Council as Lessor of Investment Properties

The council leases out the majority of its investment properties under operating leases for the purpose of generating income. As well as investment properties the council also leases out property for the purpose of the provision of community services such as leisure facilities and community centres as well as for economic development purposes to provide suitable affordable accommodation for local businesses. The future minimum lease payments receivable under non-cancellable leases in future years are as follows:

2024/25 £000		**2025/26 £000**
3,871	Due within one year	3,716
11,731	Due later than one year and not later than five years	10,604
68,664	Due after five years	67,539
84,266	**Total future minimum lease rentals receivable**	**81,859**

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, contingent rents are not material.

17. LEASES

Council as lessee

Right of use assets

The table shows the change in the carrying amount of right-of-use assets held under leases by the council:

	Land & Buildings	Vehicles, Plant and Equipment	Total
	£'000	£'000	£'000
Balance at 1 April 2025	15,063	1,748	16,811
Additions	36	0	36
Revaluations	1,324	0	1,324
Depreciation	(376)	(437)	(813)
Balance at 31 March 2026	**16,047**	**1,311**	**17,358**

The council has identified an embedded lease within the waste and recycling collection services contract. This is where there are specific assets to be utilised for the duration of the contract and paid for as part of the contractual payments for the services provided, these assets are refuse vehicles.

The council operates a small number of vehicles under lease arrangement these are not material in value and are not further disclosed

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

31 March 2025		31 March 2026
£'000		£'000
731	Less than 1 year	731
2,127	1 to 5 years	1,580
995	More than 5 years	828
3,853	**Total Undiscounted Liabilities**	**3,139**

Expenses and cashflows incurred in relation to leases are not material.

18. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities
A financial liability is an obligation to transfer economic benefits controlled by the council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the council. All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- overdraft with bank,
- lease payables detailed in note 17, and
- trade payables for goods and services received.

The council has no material soft loans.
Financial Assets
A financial asset is a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the council. The financial assets held by the council during the year are accounted for under the following classifications:
• Amortised cost (where cash flows are solely payments of principal and interest and the council's business model is to collect those cash flows) comprising:

- cash in hand,
- bank current and deposit accounts,
- fixed term deposits with banks and building societies,
- loans to other local authorities,
- certificates of deposit and covered bonds issued by banks and building societies,
- treasury bills and gilts issued by the UK Government, and
- trade receivables for goods and services provided.

Fair value through profit and loss (all other financial assets) comprising:

- money market funds managed by fund managers, and
- pooled bond, equity and property funds managed by fund managers.

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

Long Term 31 Mar 25 £000	Short Term 31 Mar 25 £000		Long Term 31 Mar 26 £000	Short Term 31 Mar 26 £000
		Investments		
0	21	Amortised Cost	0	16
5,296	1,000	Fair Value through Profit or Loss	5,295	1,000
0	0	Unquoted Equity Instruments at cost	0	0
		Cash and Cash Equivalents		
0	2,497	Amortised Cost	0	3,726
0	7,470	Fair Value through Profit or Loss	0	7,230
		Debtors		
717	5,675	Amortised Cost	669	4,807
6,013	**16,663**	**Total Financial Assets**	**5,964**	**16,779**
		Borrowings		
(149,260)	(5,299)	Amortised Cost	(148,030)	(11,379)
		Other Liabilities		
(2,724)	(623)	Finance Lease-Amortised Cost	(2,083)	(641)
		Creditors		
0	(7,806)	Amortised Cost	0	(9,461)
(151,984)	**(13,728)**	**Total Financial Liabilities**	**(150,113)**	**(21,481)**

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement for the different categories of financial instruments are as follows:

	Financial Liabilities: Amortised Cost	**Financial Assets: Amortised Cost**	**Financial Assets: Fair Value through Profit or Loss**	**Total**
2025/26	**£000**	**£000**	**£000**	**£000**
Interest Expense	5,349	0	0	5,349
(Gain)/loss on valuation	0	0	5	5
Interest Income	0	(415)	(987)	(1,402)
Net (Gain)/Loss for the Year	5,349	(415)	(982)	3,952
2024/25	**£000**	**£000**	**£000**	**£000**
Interest Expense	5,292	0	0	5,292
(Gain)/ loss on valuation	0	0	(106)	(106)
Interest Income	0	(460)	(1,195)	(1,655)
Net (Gain)/Loss for the Year	5,292	(460)	(1,301)	3,531

Fair Value of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arm's length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective. Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For financial assets classified as Fair Value through Profit or Loss, the fair value is taken from market price.

For Financial Assets at Amortised Cost and Financial Liabilities at Amortised Cost, fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2026, using the following methods and assumptions:

- Loans borrowed by the council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- No early repayment or impairment is recognised for any financial instrument.
- The fair values of finance lease liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying amount given the low interest rate environment.
- The fair values of other long-term investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.

Fair values are shown in the tables below, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, for example, bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, for example, interest rates or yields for similar instruments

Level 3 – fair value is determined using unobservable inputs, for example, non-market data such as cash flow forecasts or estimated creditworthiness.

Balance Sheet 31/03/25 £000	Fair Value 31/03/25 £000		FV Level	Balance Sheet 31/03/26 £000	Fair Value 31/03/26 £000
		Financial assets held at fair value:			
7,470	7,470	Money market funds	1	7,230	7,230
5,146	5,146	Property funds	2	5,145	5,145
1,011	1,011	Bond funds	1	1,006	1,006
0	0	Corporate, covered and government bonds	1	0	0
0	0	Unquoted Equity investment at Cost	2	0	0
		Financial assets held at amortised cost:			
0	0	Corporate, covered and government bonds	1	0	0
0	0	Long-term investments with local authorities	2	0	0
13,627	13,627	**Total**		13,381	13,381
2,665		Assets for which fair value is not disclosed		3,895	
16,292		**Total financial assets**		**17,276**	
		Recorded on balance sheet as:			
5,296		Long-term investments		5,295	
1,021		Short-term investments		1,016	
9,975		Cash & cash equivalents		10,965	
16,292		**Total financial assets**		**17,276**	

The fair value of short-term financial assets held at amortised cost, is assumed to approximate to the carrying amount.

Balance Sheet 31/03/25 £000	Fair value 31/03/25 £000	**Financial liabilities at amortised cost:**	FV Level	Balance Sheet 31/03/26 £000	Fair value 31/03/26 £000
(154,559)	(119,173)	Loans from PWLB	2	(159,409)	(123,977)
(3,347)		Liabilities for which fair value not disclosed		(2,724)	
(157,906)		**Total Financial Liabilities**		(162,133)	
		Recorded on balance sheet as:			
(151,984)		Long-term borrowing		(150,112)	
(5,922)		Short-term borrowing		(12,021)	
(157,906)		**Total**		(162,133)	

19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in December 2021). In line with the Treasury Management Code, the council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Levelling Up Housing and Communities and Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost. The main risks covered are:

- Credit Risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the council.
- Liquidity Risk: The possibility that the council might not have the cash available to make contracted payments on time.
- Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The council is exposed to credit risk on the following categories of financial assets and commitments.

31/3/25 £000	Exposure Category	31/3/26 £000
9,757	Treasury Investments	10,601
4,106	Trade Receivables	4,441
13,863	**Total Credit Risk Exposure**	15,042

The council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy.

Asset Type	Credit Risk Management Practices	Estimation of Impairment Loss Allowance
Government gilts, bonds Loans to other authorities	Investments guaranteed by statute – no credit risk.	No allowance required.
Deposits with banks, building societies and other investments	Deposits are restricted by the council's Treasury Management Strategy to institutions with high credit ratings and will be recalled if these fall below investment grade A-/A3. A limit of £7m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. For unsecured investments in banks, building societies and companies, a smaller limit of £3.5m applies. The Council also sets limits on investments in certain sectors.	12 month expected credit losses have been calculated by applying risk factors provided by the council's treasury management providers.

The table below summarises the credit exposures of the council's investment portfolio by credit rating and remaining time to maturity.

Long Term 31/3/25 £000	Short Term 31/3/25 £000	Credit Rating	Long Term 31/3/26 £000	Short Term 31/3/26 £000
0	0	AAA	0	0
0	1,086	AA-	0	2,438
0	1,003	A+	0	923
0	10	A	0	10
0	0	A-	0	0
0	7,470	AAA Money Market Funds	0	7,230
0	0	Unrated local authorities	0	0
5,146	1,011	Credit risk not applicable*	5,145	1,006
5,146	**10,580**	**Total Investments**	**5,145**	**11,607**

*Credit risk is not applicable to pooled funds where the council has no contractual right to receive any particular sum of money.

Credit Risk: Trade Receivables

Trade receivables are not subject to internal credit rating and have been grouped together for the purposes of calculating expected credit losses. Balances are considered for write off when they are more than 12 months past due, but enforcement activity continues until there is no realistic prospect of recovery.
Expected credit losses are calculated using provision matrices based on historical data for defaults adjusted for projections of improving or worsening local economic conditions. The following analysis summarises the council's maximum exposure credit risk, based on experience of the level of default on trade debtors.

	31/03/2025		**31/03/2026**	
	Trade receivables	Loss Allowance	Trade receivables	Loss Allowance
	£000	£000	£000	£000
Not past due	1,929	4	1,305	5
Past due < 3 months	1,316	23	1,651	21
Past due 3-12 months	426	118	1,032	76
Past due 12+ months	435	356	453	407
Total	**4,106**	**501**	**4,441**	**509**

Liquidity Risk

The council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans, limiting the amount of the council's borrowing that matures in any one financial year.

The maturity analysis of the council's borrowing is as follows:

31/03/25			31/03/26	
Discounted (principal) £000	**Undiscounted (principal plus interest) £000**	**Time to maturity (years)**	**Discounted (principal) £000**	**Undiscounted (principal plus interest) £000**
(5,299)	(10,327)	< 1	(11,380)	(16,604)
(10,230)	(15,171)	1-2	(11,231)	(16,249)
(10,692)	(23,926)	2-5	(13,692)	(27,482)
(41,154)	(59,665)	5-10	(36,154)	(53,885)
(20,462)	(45,472)	10-20	(20,231)	(44,532)
(56,722)	(83,972)	20-40	(56,722)	(81,986)
(10,000)	(11,200)	> 40	(10,000)	(11,000)
(154,559)	**(249,733)**	**Total**	**(159,410)**	**(251,738)**

The Council holds £10.58m (2025: £9.55m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

Market Risks: Interest Rate Risk

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

- borrowings at variable rates - the interest expense will rise
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- investments at variable rates - the interest income credited will rise
- investments at fixed rates - the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

31/03/2025 £000		**31/03/2026 £000**
1	Increase in interest payable on variable rate borrowing	6
(98)	Increase in interest receivable on variable rate investments	(102)
21	Decrease in fair value of investments held at FVPL	21
(76)	**Impact on Surplus or Deficit on the Provision of Services**	**(75)**
0	Decrease in fair value of loans and investments at amortised cost	0
(10,251)	Decrease in fair value of fixed rate borrowing	(9,983)

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

Market Risks: Price Risk

The market prices of the council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk. The council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the council's investment strategy. A 5% fall in commercial property prices at 31 March 2026 would result in a £0.2m (2025: £0.2m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

20. SHORT-TERM DEBTORS

31/3/25 £000		31/3/26 £000
513	Central Government Bodies	409
436	Other Local Authorities	315
5,967	Other Entities and Individuals	6,269
97	NHS Bodies	122
333	Council Tax	379
1,389	Housing Rents	218
839	Prepayments	1,103
9,574	**Total**	**8,815**

21. SHORT-TERM CREDITORS

31/3/25 £000		31/3/26 £000
(4,967)	Central Government Bodies	(1,526)
(1,578)	Other Local Authorities	(3,504)
(2,265)	Other	(2,260)
(6,514)	Trade Creditors	(8,425)
(3,045)	Amounts Received in Advance	(2,468)
(18,369)	**Total**	**(18,183)**

22. PROVISIONS

The 2025/26 provision consists of an amount for insurance (representing the excesses payable in respect of liabilities existing at the Balance Sheet date); and a provision for the council's share of appeals that have been lodged against NNDR (Business Rates) valuations. These liabilities were probable at the Balance Sheet date, but the timing and amount was uncertain.

	Other £000	NNDR £000	Total £000
Balance at 1 April 2024	**(74)**	**(1,080)**	**(1,154)**
Additional Provisions made in 2024/25	(170)	(1,416)	**(1,586)**
Amounts Used in 2024/25	49	945	**994**
Balance at 1 April 2025	**(195)**	**(1,551)**	**(1,746)**
Additional Provisions made in 2025/26	(7)	(1,638)	(1,645)
Amounts Used in 2025/26	71	798	869
Balance at 31 March 2026	**(131)**	**(2,391)**	**(2,522)**

23. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note sets out the amounts set-aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans; and the amounts released from earmarked reserves to meet General Fund and Housing Revenue Account expenditure in 2025/26.

	Balance at 1/4/2024	Net Transfers	**Balance at 31/3/2025**	Transfers Out	Transfers in	**Balance at 31/3/2026**
	£000	£000	**£000**	£000	£000	**£000**
General Fund						
Operational Reserves						
Major Investment Reserve	(6,351)	(2,050)	(8,401)	1,624	(2,030)	(8,807)
Local Development Framework	(798)	(182)	(980)	268	(608)	(1,320)
New Burdens	(919)	(461)	(1,380)	829	(898)	(1,449)
Future of Waste	(500)	(389)	(889)	370	(470)	(989)
Other	(1,491)	258	(1,233)	84	(200)	(1,349)
Asset Reserves						
Car Parks Property	(2,038)	(608)	(2,646)	586	(250)	(2,310)
Property Reserve	(3,993)	(1,553)	(5,546)	553	(2,351)	(7,344)
Other	(452)	(241)	(693)	360	(380)	(713)
Restricted Reserves						
CIL General Fund	(11,694)	(1,734)	(13,428)	2,011	(572)	(11,989)
CIL Winchester Town	(701)	(126)	(827)	511	(42)	(358)
Homelessness Prevention	0	0	0	0	(1,000)	(1,000)
Homes for Ukraine	(1,441)	166	(1,275)	451	(285)	(1,109)
Other	(1,268)	441	(827)	137	(246)	(936)
Risk Reserves						
Business Rates Retention	(1,000)	(838)	(1,838)	0	(1,042)	(2,880)
Exceptional Inflation Pressures	(2,902)	902	(2,000)	2,000	(1,000)	(1,000)
Transitional Reserve	(5,619)	(1,787)	(7,406)	591	(2,700)	(9,515)
Other	(139)	0	(139)	0	0	(139)
Total General Fund	(41,306)	(8,202)	(49,508)	10,375	(14,074)	(53,207)
HRA Earmarked Reserves	(182)	(38)	(220)	5	(301)	(516)
Total Earmarked Reserves	**(41,488)**	**(8,240)**	**(49,728)**	**10,380**	**(14,375)**	**(53,723)**

24. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below 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.

2024/25			2025/26	
£000	£000		£000	£000
	282,706	**Opening Capital Financing Requirement**		282,954
		Capital Expenditure		
19,248		Property, Plant and Equipment	32,769	
0		Investment Properties	47	
0		Intangible Assets	15	
2,882		Revenue Expenditure Funded from Capital Under Statute	2,170	
150		Acquisition of Share Capital	0	
602		Right of Use Assets - transitional adjustment	0	
	22,882			**35,001**
		Sources of finance		
(4,398)		Capital Receipts	(9,963)	
(5,286)		Government Grants and other contributions	(3,836)	
(8,746)		HRA Major Repairs Reserve	(18,109)	
0		HRA Revenue	0	
(2,467)		GF Reserves	(3,093)	
	(20,897)			**(35,001)**
	1,985	**Unfinanced capital expenditure in year**		**0**
	(1,737)	Statutory provision for the financing of capital investment		(1,810)
	0	Voluntary provision for the financing of capital investment		(265)
	282,954	**Closing Capital Financing Requirement**		**280,879**
		Explanation for Movement in year		
	248	Increase/(decrease) in underlying need to borrow		**(2,075)**

25. UNUSABLE RESERVES

The unusable reserves contain unrealised gains and losses, timing differences and adjustments between the accounting basis and funding basis under regulations.

31/3/25 £000		31/3/26 £000
(42,982)	Revaluation Reserve	(56,174)
(158)	Pooled Investment Funds Adjustment Account	(151)
(471,914)	Capital Adjustment Account	(482,359)
1,418	Pensions Reserve	1,280
(35)	Deferred Capital Receipts Reserve	(39)
258	Collection Fund Adjustment Account	2,194
(513,413)	**Total Unusable Reserves**	(535,249)

25.1. Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its Property, Plant and Equipment and recognition of Heritage Assets at valuation. The balance is reduced when assets with accumulated gains are: re-valued downwards or impaired and the gains are lost; used in the provision of services and the gains are consumed through depreciation; or disposed of and the gains are realised.

2024/25 £000		2025/26 £000
(45,558)	**Balance at 1 April**	**(42,982)**
(3,576)	Upward Revaluation of Assets	(14,556)
5,838	Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus/Deficit on the Provision of Services	1,086
2,262	Surplus or Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services	(13,470)
314	Difference between Fair Value Depreciation and Historical Cost Depreciation	260
0	Accumulated Gains on Assets Disposed of or Transferred Between Funds	18
314	Amount Written Off to the Capital Adjustment Account	278
(42,982)	**Balance at 31 March**	**(56,174)**

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

25.2. Pensions Reserve

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

2024/25 £000		2025/26 £000
7,755	**Balance at 1 April**	**1,418**
(6,658)	Actuarial Gains or Losses on Pensions Assets and Liabilities	1,830
3,543	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 (Note 13)	1,440
(3,222)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year (Note 13)	(3,408)
1,418	**Balance at 31 March**	**1,280**

25.3. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2024/25 £000		2025/26 £000
(452,732)	**Balance at 1 April**	**(471,914)**
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:	
(11,618)	Adjustment to 31 March 2024 Closing Balance for Nil Consideration Leases	0
13,232	Charges for Depreciation and Impairment of Non-Current Assets	13,762
(6,414)	Revaluation (Gains)/Losses on Property, Plant and Equipment	115
15	Amortisation of Intangible Assets	7
2,882	Revenue Expenditure Funded from Capital Under Statute	2,170
5,064	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	6,036
3,161		22,090
(314)	Adjusting Amounts Written-Out of the Revaluation Reserve	(280)
2,847	Net Written Out Amount of the Cost of Non-Current Assets Consumed in the Year	21,810
	Capital Financing Applied in the Year:	
(4,398)	Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(9,963)
(8,746)	Use of the Major Repairs Reserve to Finance New Capital Expenditure	(18,110)
(616)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(1,351)
(4,670)	Capital Grants and Contributions Credited to the Comprehensive Income and Expenditure Statement that have been Applied to Capital Financing	(2,485)
(1,737)	Statutory Provision for the Financing of Capital Investment	(1,810)
0	Voluntary Provision for the Financing of Capital Investment	(265)
(2,467)	Capital Expenditure Charged Against the General Fund and HRA Balances	(3,093)
(22,634)		(37,077)
605	Movements in the Market Value of Investment Properties Debited or Credited to the Comprehensive Income and Expenditure Statement	4,822
(471,914)	**Balance at 31 March**	**(482,359)**

25.4. Collection Fund Adjustment Account

The Collection Fund Adjustment Account is the unusable reserve that manages the differences arising from the recognition of council tax and business rates income as it falls due from taxpayers compared with the statutory arrangements for paying across annual entitlements from the Collection Fund to the General Fund.

2024/25 £000		2025/26 £000
(1,799)	**Balance at 1 April**	**258**
	Amount by which Collection Fund income recognised within the Comprehensive Income and Expenditure Statement is different to income calculated in accordance with statutory requirements:	
(4)	Council Tax	(189)
2,061	Business Rates	2,125
258	**Balance at 31 March**	**2,194**

26. 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. In this context, related parties include Central Government, Elected Members of the council and officers of the council.

Central Government
UK Government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates; provides the majority of its funding in the form of grants; and prescribes the terms of many of the transactions that the council has with other parties (e.g. Council Tax bills, housing benefits). Details of funding transactions with Government departments in the form of grants and contributions are set out in Note 9.

Elected members of the council
Members of the council have direct control over the council's financial and operating policies. The payments made directly to Members under the Council's Members' Allowance Scheme during 2025/26 totalled £479,111 (£452,494 in 2024/25). The Mayor and Deputy Mayor also received allowances for their additional mayoral duties - these totalled £4,610 in 2025/26 (£4,610 in 2024/25). A detailed breakdown of amounts paid to individual councillors and co-opted members can be found on the council's website www.winchester.gov.uk. The council provides material financial assistance to a number of organisations (mainly arts or voluntary community bodies) although it does not exercise any form of control over these organisations. Councillor L. Thompson is a director of the charity Hampshire Cultural Trust to which the council paid quarterly and other grants totalling £259,568 in 2025/26. Councillor L. Thompson's spouse is a director and trustee of the charity Trinity Winchester to which the council paid grants and other funding of £206,695. No other members declared a material related party interest with the council. Written declarations of interest are recorded in the Register of Members' Interests, which is open to public inspection on the Council's website. Declarations made at meetings are recorded in the minutes of that meeting.

Officers
Chief Officers have the ability to influence the council. During 2025/26 there were no material transactions between the council and chief officers.

27. GROUP ACCOUNTS

On 22nd May 2023, Venta Living Limited, a Housing Company which is a wholly owned subsidiary of Winchester City Council was incorporated. Group accounts have not been prepared for the year ended 31st March 2026 as the value of transactions between the council and Venta Living Limited is not considered to be material.

28. ACCOUNTING POLICIES

28.1 General Principles

The Financial Statements summarise the council's transactions for the 2025/26 financial year and its position at 31 March 2026. The Accounts and Audit Regulations 2015 require the Council to prepare annual Financial Statements in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

The Financial Statements have been prepared on a going concern basis. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible non-current assets and financial instruments.

28.2 Recognition of Income and Expenditure

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

- 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.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is impaired, and a charge made to revenue for the income that might not be collected.

28.3 Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The council includes the following as Cash Equivalents:

- Instant Access/One Day Call Accounts
- Instant Access Short-Term Funds
- Short-Term deposits with seven days to maturity

28.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged 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 such 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 in the Movement in Reserves Statement for the difference between the two.

28.5 Council Tax and Non-domestic Rates

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

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

28.6 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 salaries; paid annual leave and paid sick leave; for current employees. They are recognised as an expense for services in the year in which employees render services to the council.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date; or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Post-Employment Benefits
Most employees of the Council are members of the Local Government Pension Scheme, administered by Hampshire County Council. The scheme provides members with defined benefits (retirement lump sums and pensions) earned by employees whilst working for the Council; and is accounted for as a defined benefits scheme where:

- The liabilities of the Hampshire County Council Pension Fund attributable to Winchester City Council are included in the council's 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 for both funded and unfunded liabilities. The discount rates are based on the indicative rate of return on high quality corporate bonds.

- The assets of the Hampshire County Council Pension Fund attributable to the council are included in the Balance Sheet at their fair value: quoted securities at current bid price; unquoted securities at professional estimate; unitised securities at current bid price; and property at market value.
- The change in the net pensions liability is analysed into the following components:

  - Service costs comprising
    Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

    Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.

    Net Interest on the Net Defined Benefit Liability – 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 Comprehensive Income and Expenditure Statement.

  - Re-measurements
    Expected Return on Assets – the annual investment return on the fund assets attributable to the Council; based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

    Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – this is debited to the Pensions Reserve.

  - Effect of the Asset Ceiling
    The limitation of the council's ability to realise pensions assets through reductions in future employer's contributions as a result of minimum funding requirements.

Contributions paid to the Hampshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense. In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits; and replace them with debits for the cash paid to the pension fund and pensioners (and any such amounts payable but unpaid at the year-end). The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

<u>Discretionary Benefits</u>
The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year that the decision to make the award is made. It is accounted for using the same policies as are applied to the Local Government Pension Scheme.

28.7 Fair Value Measurement

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

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

The council measures the fair value of an asset or liability on the same basis 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 takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The council uses 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. Valuation techniques use categories within the fair value hierarchy, as follows:

- Level 1 - quoted prices
- 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.

28.8 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. For most of the council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are subsequently measured in one of two ways:

- Amortised cost – assets whose contractual terms are basic lending arrangements (i.e. they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- Fair value – all other financial assets.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the CIES are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances are debited/ credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/ credited to the Financing and Investment Income and Expenditure line in the CIES as they arise. A statutory reversal is currently in place; gains and losses are reversed out of the General Fund Balance to a specific adjustment account.

28.9 Government Grants and Other Contributions

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

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

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

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

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

Business Improvement Districts

There is one Business Improvement District (BID), the scheme is funded by a BID levy paid by non-domestic rate payers. The council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this authority may be used to fund revenue expenditure.

28.10 Investment Property

Investment properties are those that are held 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 is held for sale.

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

28.11 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the absorption costing principle. The full cost of overheads and support services is shared between service segments in proportion to the benefits received.

28.12 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, which exceeds the de minimis of £10,000, is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its current 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.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Assets of a specialised nature – depreciated replacement cost (DRC).

Up to 31 March 2025, the Accounting Code required that assets included in the Balance Sheet at current value were re-valued sufficiently regularly to ensure that their carrying amount was not materially different from their current value at the year end, but as a minimum every five years. From 1 April 2025 the requirement is to revalue assets every five years, with indexation in the years that a valuation is not carried out. The change in policy is applied prospectively, so that the carrying amounts of Property, Plant and Equipment assets at 31 March 2025 have not been adjusted.

Assets included in the Balance Sheet at current value are re-valued every five years and adjusted by the application of an appropriate index in the years that an asset is not subject to valuation. Increases in valuations and indexation adjustments are matched by credits to the Revaluation Reserve to recognise unrealised gains (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service)..

Where decreases in value are identified, they are accounted for based on the presence of a balance in the Revaluation Reserve:

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

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

Impairment
Assets are assessed at each year-end 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 in the same way as revaluation losses.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation between 5–60 years.

Where a significant item of Property, Plant and Equipment (valued over £1.5 million) has major components (over 20% of the total value) with materially different useful lives the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account. Depreciation charged in year is based on the opening gross book values of the assets. It does not include any revaluations or additions in year. A full year of depreciation is charged in the year of disposal.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals may need to be paid to Central Government in accordance with the Council’s signed agreement.

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

28.13 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 Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account

relevant risks and uncertainties. When payments are eventually made, the provision carried in the Balance Sheet is released.

28.14 Reserves

The council sets aside specific amounts as usable reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year and included in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net additional charge against Council Tax for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets; financial instruments; and retirement and employee benefits. These do not represent usable resources for the council.

28.15 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 is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

28.16 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT collected is excluded from income.

28.17 Leases – as Lessee

From 1 April 2024, the council has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the council acquired substantially all the risks and rewards of ownership of the leased item (finance leases).

At the commencement of a lease, a liability is recognised for the obligation to make future payments (discounted to their present value using the interest rate implicit in the lease or (where this is not readily determinable) the council's incremental borrowing rate. The right acquired under the lease to use the leased item is recognised as an asset, measured on the commencement date at cost based on the lease liability plus any payments made before that date. Initial direct costs of the council are added to the carrying amount of the asset. Liabilities are recalculated where rents change as a result of a change in an index or rate used to determine future payments. Adjustments to liabilities are matched with adjustments to the cost of the right-of-use asset.

Lease payments are apportioned between:

- a charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Right-of-use assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. This will include valuation where the cost model does not provide a reliable proxy for the current value of the right-of-use asset.

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements for minimum revenue provision. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

Where leases are for items of low value, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased item. For these purpose, the council has determined that items with a value of less than £10,000 when new are low value. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

28.18 Heritage Assets

Heritage Assets are those assets which are intended to be preserved, in trust, for future generations because of their cultural, environmental or historical associations and which are held principally for that purpose. Where assets are principally operational in nature they are accounted for within Property, Plant and Equipment (see 28.12).

Heritage Assets can be tangible or intangible (e.g. recordings of significant events) in nature and are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Archaeology

The council does not consider that reliable cost or valuation information can be obtained for the items held in its archaeological collection, due to the diverse nature of the assets held and lack of comparable market values, with the exception of one item (a marble head).

The council does not normally make purchases of archaeological items but acts as a repository of materials excavated by external contractors and normally only accept these where the total excavation archive, including documentation is available. The collection is normally confined to the boundaries of Winchester District. However, in exceptional cases consideration will be given to material from outside the District.

Local History, Photographic Materials, Numismatics, Ethnography, Foreign Archaeology

The council considers that the cost of obtaining valuations for these collections would involve a disproportionate cost in comparison with the benefits to the users of the council's Statement of Accounts. This is due to the diverse nature of the assets held and the lack of comparable values. Acquisition has mainly been through donation; dispersals are considered where collections would be better maintained in a more specialised collection.

Topographical Art and Portraits (Art Collection), Civic Items

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation. The assets within these collections are deemed to have indeterminate lives and a high residual value; hence the council does not consider it appropriate to charge depreciation.

Valuations are carried out as required for insurance purposes.

Structures and Monuments

There is no recognition of these items on the Balance Sheet. The assets are unique and therefore, have no ready market for acquisition/disposal. It is difficult for any meaningful valuation to be attributed to these assets.

Heritage Assets – General

Where Heritage Assets have indefinite lives, they are not subject to depreciation or amortisation, they are however, subject to review. The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets. For example, where an item has suffered physical deterioration or damage or where doubts have arisen as to the asset's authenticity.

Any impairment is recognised and measured in accordance with the council's general policies on impairment. Any assets out on loan are valued on a three-year cycle in keeping with any loan agreements.

The management of the museum will occasionally organise the dispersal of heritage assets which do not fit in with the collection policy; have doubtful provenance; unsuitable for public display; or where they are best suited to another collection. The proceeds of such items are accounted for in accordance with the council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the Statement of Accounts and are accounted for in accordance with the statutory accounting requirements relating to capital expenditure and capital receipts.

The Housing Revenue Account (HRA) is a record of the revenue expenditure and income relating to the council's housing stock. Its primary purpose is to ensure that expenditure on managing and maintaining dwellings is balanced by rents charged to tenants. The HRA is a statutory account that is ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax (or vice versa).

2024/25 £000		Note	2025/26 £000
	Income		
(33,863)	Dwelling Rents		(34,265)
(360)	Non-Dwelling Rents		(326)
(3,223)	Charges for Services and Facilities		(3,010)
(37,446)	Total Income		(37,601)
	Expenditure		
8,206	Repairs and Maintenance		10,410
10,833	Supervision and Management		11,851
714	Rents, Rates, Taxes and Other Charges		944
10,542	Depreciation and Impairment of Non-Current Assets	H5	10,973
(6,418)	Revaluation (Gains) or Losses on Property, Plant and Equipment	H5	1,065
9	Debt Management Costs		14
23,886	Total Expenditure		35,257
(13,560)	**Net (Income) or Expenditure of HRA Services as included in the whole Council Comprehensive Income and Expenditure Statement**		**(2,344)**
134	HRA share of Corporate and Democratic Core		166
1	HRA share of other amounts included in the whole Council Net Expenditure of Continuing Operations but not allocated to Specific Services		14
(13,425)	**Net (Income) or Expenditure of HRA Services**		**(2,164)**
(556)	Net Gain on Sale of HRA Non-Current Assets		(3,662)
(176)	Changes in Fair Valuations on Investment Properties		38
5,223	External Interest Payable		5,156
(415)	Capital Grants and Contributions		(1,020)
(9,349)	**(Surplus)/Deficit for the year on HRA Services**		**(1,652)**

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE FOR THE YEAR ENDED 31 MARCH 2026

This reconciliation statement summarises the differences between the deficit on the Comprehensive Income and Expenditure Statement and the Housing Revenue Account Balance.

2024/25 £000	£000		Note	2025/26 £000	£000
	(9,349)	**(Surplus)/Deficit for the year on the Housing Revenue Account**			**(1,652)**
		Adjustments between Accounting Basis and Funding Basis under Statute:			
(114)		Difference between Interest Payable and Similar Charges including Amortisation of Premiums and Discounts Determined in Accordance with the Code and those Determined in Accordance with Statute		(104)	
23		Reversal of Items Relating to Retirement Benefits and Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	H1	185	
6,593		Reversal of Revaluation Gains or (Losses) on Property, Plant and Equipment and Movements in the Market Value of Investment Properties		(1,103)	
556		Net Gain on Sale of Non-Current Assets		3,662	
415		Reversal of Capital Grants and Contributions	H4	1,020	
(16)		Contribution from the Capital Receipts Reserve towards Administrative costs of Non-Current Asset Disposals		(42)	
(10,542)		Charges for Depreciation and Impairment of Non-Current Assets	H5	(10,973)	
10,542		Transfer to Major Repairs Reserve	H2	10,973	
	7,457				3,618
	(1,892)	**Net increase in HRA Balance before transfers to or from Reserves**			**1,966**
38		Transfer to Earmarked Reserves		296	
	38				296
	(1,854)	**(Increase)/Decrease in HRA Balance**			**2,262**
	(14,096)	Housing Revenue Account Surplus Brought Forward			(15,950)
	(15,950)	**Housing Revenue Account Surplus Carried Forward**			**(13,688)**

H1. IAS 19 EMPLOYEE BENEFITS

In accordance with the requirements of IAS 19 and the statutory regulations regarding the Housing Revenue Account, the account has been charged with an allocation of its share of the current and past service costs. This adjustment is then reversed out of the Housing Revenue Account via the Statement of Movement on the Housing Revenue Account Balance, so its effect on the account is neutral.

H2. MAJOR REPAIRS RESERVE

This is a statutory reserve used to fund the conservation of the Housing Revenue Account (HRA) long-term assets and annually an amount equal to HRA depreciation is placed into the reserve for this purpose.

2024/25		2025/26
£000		£000
(10,542)	HRA Depreciation	(10,973)
(10,542)	Net Charge to HRA	(10,973)
8,746	HRA Capital Financed	18,110
(1,796)	Movement in Year	7,137
(32,323)	Balance Brought Forward at 1 April	(34,119)
(34,119)	Balance Carried Forward at 31 March	(26,982)

H3. HOUSING STOCK

The number and types of dwelling in the council's housing stock as at 31 March were made up as in the following table:

31/3/25		31/3/26
858	Bungalows	857
1,980	Flats & Maisonettes	1,981
2,323	Houses	2,325
119	Shared ownership	121
5,280		5,284

The Balance Sheet value of land, housing and other property within the HRA as at 31 March is given below:

31/3/25		31/3/26
£000		£000
	Operational Assets	
582,443	Dwellings	581,486
1,780	Other Land and Buildings	1,783
197	Vehicles, Plant, Furniture and Equipment	281
3,809	Infrastructure	3,830
14	Community Assets	14
1,140	Assets Under Construction	13,394
589,383		600,788
	Non Operational Assets	
2,895	Investment Properties	2,904
592,278	**Total Value**	603,692

In arriving at the Balance Sheet value of Dwellings, the vacant possession value of a property is multiplied by a government recommended percentage to arrive at the value for social housing. The figure for 2025/26 was 33% (2024/25 - 33%) with the exception of affordable housing, shared ownership properties, housing association assets, hostels, and the block of flats leased to the council's housing company which were valued at their existing use.

The total value held in the Statement of Accounts, was £581 million at 31 March 2026 (£582 million at 31 March 2025) and the vacant possession value was £1,636 million (£1,660 million at 31 March 2025).

The valuation for existing use for social housing was £520 million at 31 March 2026 (£531 million at 31 March 2025).

H4. CAPITAL EXPENDITURE AND RECEIPTS

	2024/25			2025/26
£000	£000		£000	£000
	212,546	**Opening Capital Financing Requirement**		212,546
		Capital Expenditure		
9,797		Dwellings	8,723	
197		Vehicles Plant & Equipment	96	
250		Infrastructure	267	
2,994		Assets Under Construction	19,452	
		Investment Property	47	
	13,238	**Expenditure in year**		28,585
		Financed by		
(3,450)		Capital Receipts	(9,457)	
(8,746)		Major Repairs Reserve	(18,109)	
0		Contributions from Revenue	0	
(535)		Contributions from District CIL	0	
(507)		Grants and Contributions	(1,019)	
	(13,238)			(28,585)
	0	**Unfinanced Capital Expenditure in Year**		0
	0	Voluntary Financing of Capital Investment		0
	0	Transfer of assets to the General Fund		0
	212,546	**Closing Capital Financing Requirement**		212,546
		Capital Receipts		
		Operational Assets		
	(5,148)	Dwellings		(7,925)
	(74)	Other		0
	0	Mortgages		(310)
	(5,221)	**Total**		(8,235)

H5. DEPRECIATION AND IMPAIRMENT

2024/25 £000		2025/26 £000
	Depreciation	
10,282	Dwellings	10,682
21	Other Land and Buildings	32
0	Vehicles, Plant, Furniture and Equipment	13
239	Infrastructure	246
10,542	Total Depreciation	10,973
	Revaluation Below Historic Cost	
(6,209)	Dwellings	1,065
(209)	Other Land and Buildings	0
(6,418)	Total	1,065

As at the 1 April 2007 new fixed assets accounting was adopted by local government and property values at that date were deemed to be historic cost. In 2008/09, the market value of the properties dropped below the 1 April 2007 values resulting in costs being charged to the Comprehensive Income & Expenditure Statement (CIES) in line with standard accounting practice. During 2010/11 Dwelling market values increased but Central Government reduced the percentage to be applied to valuing social housing from 45% to 32%, resulting in a downward revaluation of £104.0 million. Since then, the social housing factor remained at 32% until 2016/17 when it increased to 33%. The value of dwellings has decreased in 2025/26, by £1.065m, slightly increasing the difference to the 2007/08 historic cost as set in April 2007. Any future upward valuation will reverse the charges to the CIES and, when the historic cost values are reached and downward valuations reversed, a revaluation reserve will be created.

H6. RENT ARREARS

31/3/25 £000		31/3/26 £000
738	Rent Arrears	718
(490)	Provision for Bad Debts	(500)
248	Anticipated Collectable Arrears	218

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

2024/25 Business Rates £000	2024/25 Council Tax £000	2024/25 Total £000		2025/26 Business Rates £000	2025/26 Council Tax £000	2025/26 Total £000
			Income			
0	(116,309)	(116,309)	Council Tax Receivable	0	(124,552)	(124,552)
0	(100)	(100)	Transfer for S13A(1c) Relief	0	(46)	(46)
(65,283)	0	(65,283)	Business Rates Receivable	(71,807)	0	(71,807)
(65,283)	**(116,409)**	**(181,692)**		**(71,807)**	**(124,598)**	**(196,405)**
			Expenditure			
			Precepts and Shares			
33,207	0	33,207	Central Government	35,115	0	35,115
5,977	82,322	88,299	Hampshire County Council	6,321	88,358	94,679
26,566	14,233	40,799	General Fund (WCC)	28,092	15,263	43,355
664	4,448	5,112	Fire and Rescue Authority	702	4,821	5,523
0	14,038	14,038	Police Authority	0	15,119	15,119
			Distribution of Previous Year (Deficit)/ Surplus			
1,320	0	1,320	Central Government	1,802	0	1,802
238	677	915	Hampshire County Council	324	(826)	(502)
1,056	118	1,174	General Fund (WCC)	1,442	(143)	1,299
26	37	63	Fire and Rescue Authority	36	(45)	(9)
0	117	117	Police Authority	0	(141)	(141)
			Charges to Collection Fund			
57	0	57	Interest due to ratepayers on refunds	37	0	37
434	550	984	Less Write-Off of Uncollectable Amounts	1,208	277	1,485
111	(172)	(61)	Allowance for Impairment	(470)	347	(123)
1,179	0	1,179	Provision for Appeals	2,100	0	2,100
209	0	209	Cost of Collection	210	0	210
(1,401)	0	(1,401)	Transitional Protection Payment	(111)	0	(111)
432	0	432	Renewable Energy cost	479	0	479
70,075	**116,368**	**186,443**		**77,287**	**123,030**	**200,317**
4,792	**(41)**	**4,751**	(Surplus) / Deficit Arising During the Year	**5,480**	**(1,568)**	**3,912**
(3,737)	(1,275)	(5,012)	Opening Fund Balance at 1 April	1,055	(1,316)	(261)
1,055	**(1,316)**	**(261)**	Closing Fund Balance at 31 March	**6,535**	**(2,884)**	**3,651**

C1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands, using 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the Council Tax base.

The tax base is arrived at by adjusting the total number of properties in each band by a proportion to convert the number to a band D equivalent, which is then adjusted for discounts and collection rate. The basic amount of tax for a band D property, which will vary according to Parish (average for district £2,251.22) is then multiplied by the proportion specified for the particular band to give an individual amount due. For 2025/26, Council Tax bills were based on the following dwellings and proportions:

Band	Estimated Number of Taxable Properties after Discounts and Exemptions	Ratio Equivalent	Number of Band D Equivalent Dwellings
Disabled A	4.88	5/9	2.71
A	1,760.89	6/9	1173.93
B	4,670.89	7/9	3632.91
C	10,780.65	8/9	9582.80
D	9,864.68	1	9864.68
E	8,437.13	11/9	10312.05
F	6,685.62	13/9	9657.01
G	5,529.43	15/9	9215.72
H	689.22	18/9	1378.44
Sub Total			54,820.24
Less:Collection Rates Adjustment			-383.74
Add: Band D equivalent Ministry of Defence properties			450.00
Tax Base			**54,886.50**

C2. NON-DOMESTIC RATES (NDR)

For 2025/26, the standard NDR multiplier was 55.5p (54.6p in 2024/25) and the small business multiplier was 49.9p (49.9p in 2024/25). The total estimated non-domestic rateable value in the district as of 31 March 2026 was £168 million (£168.5 million as of 31 March 2025).

C3. SHARE OF ESTIMATED COLLECTION FUND (SURPLUS)/ DEFICIT

2024/25 Business Rates £000	2024/25 Council Tax £000	2024/25 Total £000		2025/26 Business Rates £000	2025/26 Council Tax £000	2025/26 Total £000
422	(163)	259	City Council share - Collection Fund Adjustment Account	2,614	(352)	2,262
633	(1,153)	(520)	Preceptors' share - Included within Creditors	3,921	(2,532)	1,389
1,055	(1,316)	(261)		6,535	(2,884)	3,651

ANNUAL GOVERNANCE STATEMENT 2025/26

1. Executive Summary

1.1 Good governance is about operating properly. It is how the council shows that it is taking decision for the good of its residents, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness, and honesty. It is the foundation for the effective delivery of good quality services that meet the needs of the users. It is fundamental to demonstrating that public money is well spent. Without good governance, the council would find it difficult to operate services successfully.

1.2 This annual governance statement has been prepared in accordance with statutory regulations and is consistent with the principles of good governance set out in the Delivering Good Governance in Local Government: Framework (Governance Framework). This statement includes the result of a review of the effectiveness of our internal control and provides assurance on whether the council's governance arrangements are fit for purpose.

1.3 During the year, the council has maintained a sound system of internal control, supported by a well-established risk management framework, strong financial management, and clear decision-making processes.

1.4 The council has shown strong financial stewardship demonstrating resilience by setting a balanced budget for 2026/27 against the ongoing financial pressures and service demands. The focus has been maintained on delivery against priorities in the Council Plan 2025-30 while preparing for Local Government Reorganisation.

1.5 Where areas for improvement have been identified, targeted action plans have been developed and are subject to regular monitoring by the Senior Leadership Team

1.6 We have discussed with the Chief Internal Auditor who has indicated, based upon the work completed to date the Annual Internal Audit Conclusion for 2025/26 on the adequacy and effectiveness of the internal control environment, is that the council's framework of governance, risk management and control are reasonable, and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, the auditor has worked with management to agree appropriate corrective actions and a timescale for improvement.

1.7 The auditor's Annual Internal Audit Report and Conclusion 2025/26 will be considered by members of Audit & Governance Committee at its meeting on 16 July 2026.

1.8 The council is satisfied that its governance arrangements remain fit for purpose and that it is in a good position to continue to meet current and future challenges.

2. Scope of Responsibility

2.1 Winchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. Winchester City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

2.2 In discharging this overall responsibility, Winchester City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

2.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Framework Delivering Good Governance in Local Government 2016*.

2.4 This governance statement explains how Winchester City Council has complied throughout 2025/26 with the council's adopted code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit Regulations 2015 in relation to the review of its system of internal control in accordance with best practice.

3. The purpose of the governance framework

3.1 The purpose of the governance framework is to ensure that the council directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes ensuring they work effectively. It works with the council's Performance Management Framework to ensure that the council has in place strategic objectives reflecting the needs of the community and is monitoring the achievement of these objectives through delivery of appropriate, cost-effective services.

3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Winchester City Council's policies aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3.3 The governance framework has been in place at Winchester City Council for the financial year ended 31 March 2026 and remains in place up to the date of approval of the Statement of Accounts.

4. The principles of good governance

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

Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values.
Principle 2 – Ensuring openness and comprehensive stakeholder engagement.
Principle 3 – Defining outcomes in terms of sustainable economic, social, and environmental benefits.
Principle 4 – Determining the interventions necessary to optimise the achievement of the intended outcomes.
Principle 5 – Developing the entity's capacity, including the capability of its leadership and the individuals within it.
Principle 6 – Managing risks and performance through robust internal control and strong public financial management.
Principle 7 – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4.2 Winchester City Council's Local Code of Corporate Governance, approved by the Audit & Governance Committee at its meeting on 5 March 2026, sets out and describes the council's commitment to corporate governance and identifies the arrangements that have been made to ensure the effective implementation and application in all aspects of the council's work. Aligned to each of the principles is evidence that the council complies with the requirement of each of the principles.

5. Methodology for preparing the Annual Governance Statement

5.1 The annual governance statement has been prepared using a process similar to that used in previous years, including:

- Service leads completing a statement of assurance providing details as to the extent and quality of internal control arrangements operating within their teams during the previous year. Furthermore, they were also asked to declare any weaknesses in the governance arrangements in their service areas, including overdue and significant internal audit actions.
- An internal control checklist is provided to Service Leads to support the completion of their statement of assurance. The checklist requires the manager to self-assess the arrangements in their team against several criteria including risk and performance management, financial control, and staffing.
- Review of the completed statements of assurance by the S151 Officer, Monitoring Officer and Senior Policy and Performance Manager to identify the significant governance issues to be included in the Annual Governance Statement.

- Review of the Annual Internal Audit report and Opinion 2025/26 report and quarterly internal audit progress reports.
- Audit and Governance Committee review the draft governance statement at its meeting in early summer and considers whether it accurately reflects the council's internal control environment, before approving.
- Once approved the governance statement is signed by the Chief Executive and Leader of the council.

6. The Governance Framework

6.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements and these are underpinned by the core principles of good governance which are:

- Focusing on the purpose of the council and on outcomes for the local community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

6.2 The council's constitution explains existing policy making and delegation procedures and the matters which must be dealt with by Full Council. It documents the role and responsibilities of Cabinet, each committee and members and officers. The council has approved a protocol governing relationships between members and officers as part of its constitution and has adopted codes of conduct for both officers and members which facilitate the promotion, communication and embedding of proper standards of behaviour. All officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.

6.3 The council's constitution incorporates clear guidelines to ensure that business is dealt with in an open manner except in circumstances when issues should be kept confidential. Meetings are open to the public except where personal or confidential matters are being discussed. All cabinet /committee agendas, minutes and cabinet member decisions are published promptly on the council's website. In addition, senior officers of the council can make decisions under delegated authority. The over-arching policy of the council is decided by the Full Council.

6.4 The Scrutiny Committee and Audit and Governance Committee hold members of the cabinet to account for delivery of the council's policy framework within the agreed budget, and protocols are in place for any departure from this to be properly examined.

6.5 The council engages with its communities through several channels, including community planning, consultation events, surveys and campaigns relating to specific initiatives.

6.6 The Council Plan 2025-30 was adopted at Council on 15 January 2025 and sets out what the council wants to achieve and informs other strategies and plans including the Local Plan and individual service plans. A range of consultation and engagement took place during 2024 in support of developing the new Council Plan and included businesses, members, council staff and parish councils. A district wide residents' survey was undertaken to better understand the opinions and views of our residents The results from the survey will provide valuable evidence that will be used to support the shaping of the priorities and objectives to be included in the next Council Plan.

6.7 The Council Plan is supplemented by more detailed information on the key projects and programmes of work that the authority will be delivering during the year – with actions to achieve priority outcomes set out in more detailed business plans which are drawn up by teams across the council, with objectives set for individual members of staff through the annual appraisal process. This process also looks at the development and training needs of staff, with a programme of training then put in place to meet these needs.

6.8 Progress against the Council Plan priorities and budgets is monitored regularly by the Executive Leadership Board and members of the cabinet. The Scrutiny Committee reviews and scrutinises the performance of the council in relation to policy objectives and performance targets, focusing on delivery of key projects and programmes of work that deliver the priorities in the Council Plan, drawing attention to other areas where progress is exceeding, or falling short of targets. Members of cabinet also monitor progress in delivery.

6.9 The council has arrangements in place to regularly monitor financial performance, service performance, the progress of key corporate projects and risk management and to oversee the implementation of recommendations from internal audit reports.

6.10 The council publishes annually a financial report (incorporating the Statement of Accounts) within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

6.11 The council is subject to independent audit by Ernst and Young and receives an annual audit letter reporting on findings. The council supplements this work with the Southern Internal Audit Partnership and ad hoc external peer reviews. The Audit and Governance Committee undertake the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities.*

6.12 The council has set out the arrangements for managing risk in its Risk Management Policy (approved by Cabinet 13 March, report CAB3548 refers) which also includes a Risk Appetite Statement and is reviewed annually.

7. Our assessment of effectiveness

7.1 The council has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Strategic Leads who have responsibility for the development and maintenance of a sound governance environment.

7.2 Mandatory awareness training for all staff has been undertaken to ensure that the council complies adequately with the provisions of the General Data Protection Regulation (GDPR) and Freedom of Information Act 2000 requirements.

7.3 The council has appointed the Director of Finance as the Section 151 officer with the statutory responsibility for the proper administration of the council's financial affairs. CIPFA/SOLACE advises that the Section 151 officer should report directly to the Chief Executive and be a member of the 'Leadership Team', of equal status to other members. The Director of Finance has a direct reporting line to the Chief Executive for matters concerning the statutory officer role and attends Executive Leadership Team.

7.4 The council has appointed the Director (Legal) as the statutory "Monitoring Officer" and has procedures to ensure that the Monitoring Officer is aware of any issues which may have legal implications.

7.5 All cabinet reports are reviewed by the Section 151 Officer and Monitoring Officer and are required to demonstrate how the subject matter links to the Council Plan and highlight resource implications. Report authors are also asked to draw out risk, equality, environmental, management and legal considerations as required. Similar procedures are in place for the scrutiny and regulatory committees.

7.6 The council has whistle-blowing and anti-fraud and corruption policies. It has a formal complaints procedure and seeks to address and learn from complaints. The council's Audit and Governance Standards Sub-Committee consider investigation reports in respect of Code of Conduct complaints that are referred to it by the Monitoring Officer.

7.7 Members' induction training is undertaken after each election. Members also receive regular briefings and training on developments in local government.

7.8 In July 2024, an LGA Peer Challenge took place, where the review explored a number of core themes, including the council's organisational and place leadership, governance and culture, financial planning and management and capacity for improvement. Following the review the Peer Team's view was that strong governance is in place at the council.

7.9 The Chief Internal Auditor in his Annual Internal Audit Conclusion 2025/26 has shown that he is satisfied that sufficient assurance and advisory work have been carried out to allow him to form a conclusion on the adequacy and effectiveness of the internal control environment. It the opinion of the Chief Internal Auditor that the framework of governance, risk management and control are 'reasonable', and audit testing has demonstrated controls to be working in practice.

7.10 Where weaknesses have been identified through internal audit review, internal audit has worked with management to agree appropriate corrective actions and a timescale for improvement.

8. How we have improved our governance arrangements in 2025/26

8.1 Following the C3 judgement by the Regulator for Social Housing in March 2025, significant governance enhancements have been implemented to strengthen oversight, transparency and service performance.

These enhancements include:

- **Enhanced Regulatory Oversight** through regular meetings with the Regulator for Social Housing to monitor progress against the housing compliance improvement plan. Reflecting strong progress and improved service delivery, these have been transitioned to bimonthly meetings from Spring 2026.
- **Strengthened officer and Member Scrutiny** via regular report updates to Programme and Capital (PAC) Board, TACT Board meetings, including tenant members and quarterly progress reports submitted to Cabinet Committee Housing.
- **Improved Performance Monitoring**, both senior management and the Portfolio Holder for Good Homes receive monthly service performance scorecards. Service performance is published monthly on the council's website and highlighted in tenant communications, reinforcing transparency.
- **System and Reporting Enhancements**, implementation of the True Compliance system is improving data-driven reporting across the "Big 6" compliance areas along with strengthened internal controls for data management.
- **Robust Policy and Governance Framework.** A comprehensive policies, procedures and guidelines (PPG) framework has been introduced, with clear governance approval processes and embedded tenant scrutiny.

Overall, these improvements demonstrate a more structured, transparent, and accountable governance framework, with stronger regulatory engagement, enhanced tenant involvement, and more reliable performance reporting.

8.2 The council has adopted the CIPFA model terms of reference for Audit Committees and produced an annual report of the Audit and Governance Committee setting out a factual review of the committee's work during the 2025/26 municipal year.

8.3 The year also saw changes to the internal audit reporting arrangements as a result of the introduction of the new Global Internal Audit Standards which came into force from 1 April 2025. Internal audit arrangements are in conformance with the Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit.

8.4 In May 2025, CIPFA introduced an addendum to the Delivering Good Governance in Local Government Framework covering the annual review of governance and the annual governance statement. The updated guidance would apply to governance statements for 2025/26 onwards. The council refreshed its statement of assurance template used by senior managers to conduct their annual review of the effectiveness of governance in their service area. The scope of the annual review was broadened to assess how effectively their arrangements meet the principles of good governance, if and how improvements had been made during the previous year and improvements that would be undertaken during the coming year.

8.5 An improvement plan has been developed to address the weaknesses and non-compliance relating to housing repairs and maintenance following an internal audit earlier in the year. Progress of the actions is reported and monitored regularly by the officer Programme and Capital (PAC) Board.

9. Where our governance needs to improve

9.1 Set out below are the significant governance issues that have been identified that will require consideration and action as appropriate over the coming year:

- **Regulator of Social Housing Consumer Standards for Landlords**

  Following self-referral to the Regulator of Social Housing, a Regulator Judgment was issued that found serious failings in how the council is delivering the outcomes of the consumer standards in relation to the Safety and Quality Standard and the Transparency, Influence and Accountability Standard.
- **Review and update of policies, processes and procedures** – material weaknesses in governance, control and oversight across several internal audit reviews completed during the year resulting in either no or limited assurance. These weaknesses are compounded by outdated guidance, incomplete record keeping and insufficient monitoring.

9.2 During 2025/26 there have been a higher-than-usual number of internal audit reviews have concluded with limited assurance opinions with a further audit of Housing Asset Management – Repairs and Maintenance concluding with no assurance opinion.

9.3 The service areas where a limited assurance opinion was issued were:

- Clean Streets Enforcement and Fly-Tipping
- Building Control – QMS Framework
- Cyber Security – Thrive Actions Implementation
- Human Resources – Use of Agency Staff and Consultants

9.4 The areas of weakness identified during the audit reviews can be categorised as falling within the following themes; outdated policies, processes and procedures and competencies and training.

9.5 An action plan is attached to this Statement and details the actions that will be undertaken during the next 12 months and address these issues. Each action is assigned to a senior officer who has responsibility for delivering the relevant actions

10. Forward look on governance

10.1 Local Government Reorganisation presents a significant structural change to local government and this council. As we prepare for the new council in 2028, we recognise the transition will have a substantial impact on the organisation and we will remain focussed on maintaining the robust governance arrangements that we have.

10.2 Working with the Corporate Head of Housing, we are strengthening further the governance oversight for Housing Services by introducing a Housing Assurance Board with key stakeholders. This is recognised as best practice across the social housing sector to inform governance and assurance.

10.3 We will also be improving our systems and data management in Housing Services through the implementation of new IT systems. Improved data management we are aiming to deliver real time performance dashboards.

10.4 We propose, over the coming year, to take steps to address the issues highlighted in this annual governance statement to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:	Signed:
Laura Taylor Chief Executive Winchester City Council Dated:	Councillor M. Tod Leader of the Council Winchester City Council Dated:

Annual Governance Statement 2025/26 – Action Plan

No.	Issue	Actions	Lead Officer	Target Date	Method of Assurance
1	**Landlord Health and Safety Compliance –** to ensure that our responsibilities under the consumer standard for Safety and Quality are being met, specifically in relation to regulatory compliance for gas, electrical, asbestos, fire, water, and lift safety.	Develop and adopt policies that support the council's statutory responsibilities protect public housing assets and promote fair access to social housing.	Karen Thorburn	To follow	Results of Housing Quality Network (HWN) Mock Inspection (June 2026). Completion of data validation reconciliation process Adopted policies and procedures required by Regulator Continued engagement with tenants and residents Completion of stock condition programme
2	Positive response to significant gaps, weaknesses or non-compliance relating to outdated policies, processes and procedures identified during internal audit reviews that led to No or Limited Assurance opinions	Deliver actions in the Housing Asset Management – Repairs and Maintenance Action Plan that address the issues identified within the audit	Karen Thorburn	August 2026	Completion of the Repairs and Maintenance Action Plan leading to new repairs and maintenance contract commencing in August 2026.
		Building Control QMS – implement a structured improvement plan to address noncompliance, strengthen governance and improve service performance.	David Ingram	Ongoing	Positive conclusion to the LABC QMS annual management review meeting that will evaluate performance indicators, compliance, feedback and complaints, audit results and resource allocation.
		Human Resources – Use of Agency Staff	Manjit Sandhu	31 December 2026	Updated policy for engaging agency staff, with attached template and guidance for staff to follow, ensuring consistency and compliance.

Accounting Policies – are the specific policies and procedures used by the council to prepare its financial statements. The accounting policies include methods, measurement systems and procedures for presenting information in the financial statements.

Accruals – is the concept that income and expenditure is recognised as it is earned or incurred, not as money is received or paid. An accrual is an expense or revenue item incurred in a period for which no invoice or payment changed hands in that period.

Actuary – a professional that provides valuations of defined benefit pension schemes. The valuation the actuary calculates the pension fund's assets and measures them against its liabilities.

Actuarial Gains and Losses – for a defined benefit pension scheme, the changes in actuarial deficits or surpluses 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.

Allowances for impairment losses – are the expected amount of outstanding debts which are not expected to be repaid.

Amortisation – is the writing down of an intangible asset's value over its useful life.

Amortised Cost – is a way of measuring financial instruments that ignores changes in fair value. It is defined as the amount at which a financial instrument is measured when it is first brought on to the Balance Sheet, adjusted for:

- Repayments of principal
- Cumulative amortisation of any difference between the initial amount and the maturity amount.

These differences might arise from transactions costs being set off against the principal amount or interest being payable at less than market rates.

Amortised Cost Financial Assets – investments for which gains and losses in fair value are not accounted for until the investment matures or is sold. Defined as financial assets:

- Held with a business model whose objective is to hold investments in order to collect their contractual cash flows, and
- That have the form of basic lending arrangements.

Asset – is a resource with economic value that the council controls with the expectation that it will bring future benefit.

Assets Under Construction – represents construction work in progress, assets remain in such an account until they are put in service, at which time the costs of the assets are transferred into the respective property, plant and equipment accounts.

Beacon Property - a property that is similar to others held by the council, so that its valuation can be used to estimate a valuation for those other properties.

Budget – prior to the start of each financial year, the council is required to set a budget for its expenditure. It is a legal requirement of the Council to set a balanced budget, i.e. expenditure cannot be more than the Council's income.

Business Improvement District – is a defined area in which a levy is charged to all business rate payers in addition to the business rates bill. The levy is used to develop projects which will benefit businesses in the local area.

Business Rates – is the commonly used name of non domestic rates (NDR), business rates are a tax on local business properties, the tax is set by central government but collected by local authorities.

Capital Adjustment Account – is an unusable reserve which absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

Capital Allowance –is a provision which avoids the need for pooling non right-to-buy housing capital receipts.

Capital Charges – charges to revenue accounts to reflect the cost of long-term assets used in the provision of services. This includes the repayment of debt and the charge for depreciation.

Capital Commitment – this is future capital expenditure that the council has committed to at some time in the future which has not yet become an actual liability.

Capital Expenditure – this is expenditure on the acquisition of long-term assets, or expenditure which adds to and not merely maintains the value of existing long-term assets. The statutory definition also includes capital grants to other bodies and expenditure on the acquisition of some long-term investments.

Capital Financing Requirement (CFR) – this is the council's underlying need to borrow to finance its capital expenditure.

Capital Grants and Contributions Unapplied – this reserve holds capital grants and contributions, which do not have outstanding conditions, but which have not yet been used to finance expenditure.

Capital Investment – this refers to expenditure on long-term assets.

Capital Programme – is the council's expenditure plan on agreed capital schemes, showing the total cost of schemes and the projected phasing over current and future financial years.

Capital Receipts – are proceeds from the sale of (or reduction in the council's interest in) long-term assets such as property, plant and equipment, investment property and capital investments.

Capital Receipts Reserve – is a usable reserve consisting of capital receipts from the sale of non-current assets. The funds are available to finance future capital investment.

Cash and Cash Equivalents – are highly liquid financial instruments (cash and very short-term investments) that are repayable without penalty on notice of not more than 7 days and are convertible to known amounts of cash with insignificant risk of change in value.

CIPFA - the Chartered Institute of Public Finance and Accountancy - the accountancy body primarily concerned with public services that issues guidance on accounts preparation for local authorities.

Collection Fund – the separate accounting arrangements for the collection of council tax and business rates and the sharing of the proceeds between the council, Government and other public bodies.

Collection Fund Adjustment Account - the unusable reserve that manages the differences arising from the recognition of council tax and business rates income as it falls due from taxpayers compared with the statutory arrangements for paying across annual entitlements from the Collection Fund to the General Fund.

Community Asset – is a category of long-term asset that the council intends to hold in perpetuity, which has no determinable useful life and that may have restrictions on disposal. Examples of community assets held by the Council are parks, and community buildings.

Components – are significant parts of property, plant and equipment that are separately identified for depreciation.

Contingent Asset – a potential asset/ that is uncertain because it depends on an outcome of a future event not under the council's control.

Contingent Liability – is a potential liability that may occur, depending on the outcome of an uncertain future event.

Corporate Bonds - Are debt securities issued by a corporation to raise funds and sold to investors.

Council Tax - is a local tax levied by local authorities on domestic properties.

Council Tax Reduction - the council's scheme for giving discounts to council tax for households on low incomes or receiving benefits. Also called council tax support.

Community Infrastructure Levy (CIL) – is a planning charge on new development which is used to help deliver infrastructure.

Credit Losses – A measure of how much the council would lose if the amounts owed to it by debtors and borrowers are not repaid. Defined as the shortfall between all the cash flows that are contractually due to the council and those that it expects to receive (discounted using the investment's effective interest rate).

Creditor – is an individual or body to whom, at the Balance Sheet date, the council owes money.

Credit Rating – is a method of measuring the creditworthiness of a debt issuer.

Credit Risk – is the risk that a borrower may not repay a loan.

Current Asset – an asset that is realisable or disposable within one year of the Balance Sheet date.

Current Liability – is a liability that is due to be settled within one year of the Balance Sheet date.

Current Service Cost (Pensions) – the value of the standard benefits promised to members over the last accounting period, after offsetting the members' contributions, i.e. it is the Employer's share of the cost.

Current Value - The measurement bases for property, plant and equipment, reflecting the economic environment for the service the item is supporting. Possible methods comprise existing use value, existing-use value - social housing, depreciated replacement cost and fair value.

Debtor – is an individual or body whom, at the Balance Sheet date, owes money to the council.

Deferred Capital Receipts Reserve – this reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has not yet taken place.

Deficit - An excess of expenditure over income.

Defined Benefit Scheme (Pensions) - is a scheme whereby the employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earning history, tenure of service and age, rather than depending on investment returns.

Decent Home Standard – is a measure of general housing conditions introduced by the Government, it is a minimum standard that triggers action to improve social housing.

Depreciated Replacement Cost (DRC) – is a cost-based method of arriving at a value for specialised assets that are generally held for the continuing use of their service potential and for which a market value cannot be obtained.

Depreciation – is the measure of the wearing out, consumption, or other reduction in value or the useful economic life of a long-term asset, whether arising from use, passage of time, obsolescence or other changes.

Developers Contributions - also known as S106 contributions are paid by developers to contribute towards the cost of additional infrastructure needed as a result of new developments.

Discounting – is the process of determining the present value of future payments.

Discretionary Benefits (Pensions) – are retirement benefits for which the employer has no legal, contractual or constructive obligation. The council has restricted powers to make such discretionary awards in the event of early retirements. Any liabilities estimated to arise as a result of an award are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Earmarked Reserves – are usable reserves consisting of amounts set aside from revenue (General Fund and Housing Revenue Account) to fund future expenditure on a specific purpose.

Effective Interest Method – The method that uses effective interest rates to calculate amortised cost of a financial instrument and allocates interest revenue or expense to the particular financial years over which the instrument is held.

Effective Interest Rate – the implied rate of interest in an arrangement calculated by reference to the cash flows within the arrangement as opposed to quoted rates of interest.

Employee Benefits - All the forms of remuneration given to the council's officers in return for the services they render (including salaries, allowances, pensions benefits and awards on the termination of their employment).

Equity Instrument – is a financial instrument that demonstrates an ownership interest in a business.

Estimated Market Value/Fair Value – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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.

Exceptional Items - When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts (depending on how significant the items are to understanding the council's financial performance).

Existing Use Value (EUV) – is a measure of fair value for land and buildings, it is the amount that would be paid for the asset in its existing use.

Expected Credit Losses (ECLs) – the credit losses that the council estimates will arise from the amounts that it is currently owed. ECLs are calculated by measuring the losses that would arise from different default scenarios and calculates a weighted average loss based on the probability of each scenario taking place.

Expected Rate of Return on Pension Assets (Pensions) – is the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return.

Fair Value - The price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants.

Fair Value through Profit or Loss Financial Assets – are financial assets that do not qualify for measurement at Amortised Cost or Fair Value through Other Comprehensive Income.

Finance Costs – are the costs of borrowing money.

Finance Lease – a lease where substantially all of the risks and rewards of ownership of a fixed asset are transferred to the lessee.

Financial Instruments - are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

General Fund/ General Fund Balance – the General Fund is the main revenue fund from which the cost of services is met. The accounts include separate funds for the Housing Revenue Account and the Collection Fund. The General Fund Balance is the accumulated credit balance on the General Fund. It is the excess of income over expenditure after adjusting for movements to and from other reserves and other non-cash items. The level of this balance is kept under review and considered in the light of a number of factors concerning the council's level of exposure to risk and particularly to changes in income and expenditure.

Going Concern - The assumption made when preparing the financial statements that the functions of the council will continue in operational existence for the foreseeable future, in particular so that assets can be valued on the contribution they will continue to make to the council's services rather than the price that would be obtained if they were sold on its liquidation.

Government Bonds – are UK Government sterling denominated bonds issued by HM Treasury in order to finance public expenditure, they are also known as gilts. The term gilt (or gilt-edged) is a reference to the primary characteristic of gilts as an investment - their security. They are generally issued for a set period and attract a set rate of interest during the agreed investment period. Interest is payable at set agreed periods and the principal is repaid at the end of the period.

Government Grants – are government assistance in either in the form of cash or of a transfer of assets. Grants either attract a condition or a restriction. Conditions are stipulations that specify that the future economic benefits or service potential. A restriction specifies the purpose of the grant.

Grants and Capital Contributions Unapplied (Reserve) – is a usable reserve consisting of capital grants and contributions that have been received but have yet to be used/ applied to finance capital expenditure.

Grants and Contributions (in Advance) – are grants and contributions received in advance of expenditure taking place and which have conditions on their use that might require the council to return them to the contributor.

Heritage Assets – are a category of long-term assets with cultural, environmental or historical qualities principally held and maintained for their contribution to knowledge and culture.

Housing Revenue Account (HRA) - The HRA is a record of revenue expenditure and income relating to the council's housing stock. Its purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. It is ring-fenced from the rest of the General Fund to ensure that rents cannot be subsidised from Council Tax (or vice versa).

International Accounting Standards 19 (IAS 19) Adjustments – IAS 19 outlines the accounting requirements for employee benefits including post-employment benefits. The adjustments represent the removal of employer pension contributions and replacing them with the current service cost and past service cost.

Investing Activities - a category of cash flows relating to the acquisition and disposal of long-term assets and investments and the making of loans.

Impairment – is a reduction in the recoverable amount of a long-term asset below its carrying value in the Balance Sheet.

Infrastructure Assets - are a category of long-term assets that cannot be taken away or transferred and whose benefits can only be obtained by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Examples of infrastructure assets include highways and footpaths.

Intangible Assets – are a category of long-term assets that are identifiable but have no physical substance (e.g. Software licences).

Interest Costs (Pensions) – represents the unwinding of the discounting on the value placed on the benefits over the period, as they become closer to being paid.

International Financial Reporting Standards (IFRS) – are a set of international accounting standards that govern the accounting treatment and reporting of transactions in financial statements.

Inventories – are assets in the form of materials or supplies to be consumed in a production process or rendering of services.

Investment property – is a category of long-term assets, which is held for its investment potential and is not used in the delivery of services.

Lessee – is an entity that holds an agreement that allows the use of an asset for a period of time in exchange for a payment or series of payments.

Lessor – is an entity that leases an asset to a lessee.

Liabilities – are the council's debts and obligations.

Loans and Receivables – is a category of financial instrument that has fixed or determinable payments but is not quoted on an active market.

Long-Term Assets – is the value of the council's property, equipment and other capital assets minus depreciation, which are expected to be useable for more than one year after the balance sheet date.

Long-Term Borrowing – is the total of loans repayable after more than one year of the Balance Sheet date.

Long-Term Debtor – is an individual or body that owes money to the council, but which is not due within one year of the Balance Sheet date.

Long-Term Investments – are financial instruments with a maturity date after more than one year of the Balance Sheet date.

Major Repairs Reserve – this is a statutory reserve used to finance the HRA capital programme.

Materiality – a measure of the significance of information potentially to be included in the financial statements, whereby its omission, misstatement or obscuration could reasonably be expected to influence decisions that the primary users make on the basis of those financial statements. Materiality is important for influencing what figures should be included in the financial statements, how precise those figures need to be, and how much additional information needs to be provided about them.

Member Contributions - amounts paid into a pension fund by employees to provide for the future payment of their pensions.

Money Market Funds - collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of highly liquid and low risk investments.

Monitoring Officer – this is a statutory role; this officer is responsible for ensuring that the council operates within the law.

Net Assets – is the amount by which the total assets exceed the total liabilities in the Balance Sheet.

Net Book Value – this is the cost or valuation of an asset less cumulative depreciation.

Net Current Replacement Cost – is the cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Non Current Asset – is an asset which is not expected to be consumed within one year of the Balance Sheet date.

Non Domestic Rates – also known as Business Rates, this is a tax on local business properties, the tax is set by the government but collected by local authorities.

Non Ring-fenced Government Grants – grant monies paid by the government to support the council's general revenue expenditure.

Operating Leases – this is a lease contract that allows for the use of an asset but does not convey rights of ownership of the asset.

Overheads – are indirect costs which cannot be directly attributed to a service.

Portfolio/ Portfolio Holder – portfolios are groupings of services determined by members of the council. A member of the council's cabinet is responsible for each of the portfolios and is the portfolio holder.

Past Service Cost (Pensions) – is the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Those decisions may include additional enhanced benefits on retirement or any discretionary benefits granted.

Pension Scheme Liability – is the difference between the total amounts due to be paid to retirees and the assets available to meet those payments.

Pension Reserve – is an unusable reserve that reflects the net liability/asset in the pension fund.

Pooled Investment Funds - collective investment schemes in which a number of investors pool their money, which is then invested in a portfolio of assets.

Pooled Investment Funds Adjustment Account - the unusable reserve that accumulates the gains and losses arising from changes in the fair value of investments in qualifying pooled investment funds, as required by statutory provisions. The balance is released to revenue when the investment is disposed of.

Precepts/Preceptors – are amounts levied on the council, by other local authorities (preceptors), which the council is required to collect and distribute tax for.

Prior Period Adjustment – is an adjustment that arises from a change in accounting policies or to correct a material error. Prior period figures are corrected by amending opening balances and comparative amounts for the prior period.

Property Fund - collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of commercial properties.

Property, Plant and Equipment (PPE) – are tangible long-term assets that are used in the provision of services and are expected to be used for more than one year.

Provision – is where the Council has a probable but uncertain economic obligation, and an estimate of that obligation is set aside to meet a future liability.

Provision for Non Domestic Rates Appeals - local authorities are liable for the cost of refunds from successful appeals against business rates valuations. A provision is recognised as an estimate of the Council's proportionate share of the potential liability.

Provision for the Financing of Capital Investment - councils are required to set aside a prudent amount of revenue each year for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). This is also known as the Minimum Revenue Provision.

Public Works Loan Board (PWLB) – is a government body that issues central government loans to local authorities.

Remuneration – are amounts paid to or receivable by an employee and amounts due by way of expenses allowances (as far as those amounts are chargeable to UK Income Tax) and the monetary value of any other non-cash benefits.

Rent Allowances – are housing benefit payments relating to property rents where the council is not the landlord.

Rent Rebates – are housing benefit payments relating to property rents where the council is the landlord.

Residual Value - is the amount that the council expects to receive for an asset at the end of its useful life less any anticipated disposal costs.

Retirement Benefits – are all forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:
i) an employer's decision to terminate an employee's employment before normal retirement date; or
ii) an employer's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve – this is an unusable reserve to reflect movements in Property, Plant and Equipment assets resulting from upward revaluations, and downward revaluations to the extent that there has been a previous upward revaluation.

Revenue Expenditure Funded from Capital under Statute (REFCUS) – this is expenditure which may properly be capitalised in accordance with statute but where no tangible long-term asset is created.

Revenue Support Grant (RSG) – is a general government grant that is not ring-fenced. It is based on the Government's assessment of the council's spending need, its receipt from NDR and its ability to generate income from Council Tax.

RICS - Royal Institution of Chartered Surveyors - responsible for the professional standards applied in valuing local government property.

Right of Use Asset – in IFRS 16 lease accounting, an asset that represents a lessee's right to use a leased item over the duration of an agreed lease term.

Scheme Liabilities (Pensions) – the liabilities of the defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method and reflect the costs of future benefits that the employer is committed to providing for.

Section 106 Receipts - monies received from developers and other parties to compensate for the adverse impact of granting planning permission (e.g. building a community facility to service a new housing development).

Section 151 Officer – this is a statutory role; every local authority is required to make arrangements for the proper administration of its financial affairs; the council's S151 officer has the responsibility for the administration of those affairs.

Settlement (Pensions) – arises when a council enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan. Settlements have the effect of extinguishing a portion of the plan liabilities, usually by transferring plan assets to or on behalf of plan members to their new employer or an insurance company in settlement of the obligation.

Short-Term Borrowing – is a loan repayable within one year of the Balance Sheet date.

Short-Term Creditor – is an individual or body to whom the council owes money that is due for payment within one year of the balance sheet date.

Short-Term Debtor – an individual or body that owes money to the council that is due for payment within one year of the Balance Sheet date.

Short-Term Investments – are financial instruments with maturity dates within one year of the Balance Sheet date.

Soft Loan – is a loan with a rate of interest that is below the market rate.

Straight Line Basis – is a method used to apportion depreciation equally over the applicable number of periods.

Termination Benefits – are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Trading Account – is a separate account prepared to determine the gross profit or loss of a business concern.

Unusable Reserves – amounts set aside that the council is not able to use to fund expenditure.

Unrealised Gains and Losses – are movements in the value of an asset but the assets have yet to be sold.

Usable Reserves – amounts set aside that the council is able to use to fund expenditure.

Useful Life – the period over which the council will derive benefits from the use of a long-term asset.

Write-off - the derecognition of an asset (such as a debtor) from the Balance Sheet when it becomes probable that the Council will not recover any further value from the asset. This does not preclude the Council from continuing attempts to (e.g.) recover a debt.

1. BUILDING CONTROL ACCOUNT

The Building (Local Authority Charges) Regulations 2010 require the setting of a scheme of charges, the recovery of costs and the disclosure of an annual statement in respect of the Building Regulation function. This scheme is renewed annually, and the fee structure published on the council's website.

Some of the activities of the Building Control Unit cannot be recharged. These include enforcement, advisory, consultative and public protection activities. The council is expected to set the fee level to ensure that, taking one financial year with another, the fees as nearly as possible equate to the expenses incurred in performing its chargeable Building Control activities.

	2025/26
	£000
Chargeable Costs	479
Chargeable Income	(543)
Net (surplus) or deficit	**(64)**
Building Control Earmarked Reserve (deficit brought forward)	319
Deficit carried forward	**255**

In order to support compliance with *the Building (Local Authority Charges) Regulations 2010 (SI 2010/404)* an earmarked reserve was created in 2011/12 to hold surpluses made on chargeable activity. Local Authorities are required to monitor the break-even position on chargeable activities and demonstrate taking 'one financial year with another' to ensure the chargeable service 'as nearly as possible equates to the costs incurred'.

This information has been approved by the Strategic Director Services, being the acting responsible officer under Section 151 of the Local Government Act 1972(4).

Signature: ……………………………………………… Date:

Liz Keys
Chief Financial Officer, Section 151 Officer

2. CHARGES FOR PROPERTY SEARCHES

The Local Authorities (England) (Charges for Property Searches) Regulation 8 allows the Council to charge for answering enquiries about a property. These charges are at the council's discretion but must have regard to the costs involved. With respect to these charges the following information is required to be published for every financial year:

	2025/26
	£000
Income from charges under regulation 8 (answering queries)	302

This information has been approved by the Strategic Director Services, being the acting responsible officer under Section 151 of the Local Government Act 1972(4).

Signature: ……………………………………………… Date:

Liz Keys
Chief Financial Officer, Section 151 Officer

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