# Wandsworth Council

## Accounts for the year 2025/26

**Un-audited**
**30 June 2026**

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# Narrative Report

## Introduction

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

This document comprises three key areas:

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

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

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

## Restatement of 2024/25

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

## Organisational Overview

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

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

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

## Operational Model

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

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

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

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

## Risks and Opportunities

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

the Council's Risk Management Strategy is effective and well embedded into corporate management processes. The latest Annual Review of Risk Management Report is published at the following link: https://democracy.wandsworth.gov.uk/ieListDocuments.aspx?CId=311&MId=9951&Ver=4. The next Annual Review of Risk Management Report is due at Audit Committee at the end of July 2026.

## Performance

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

## Financial Performance

### General Fund Revenue Budgets

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

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

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

### Revenue Reserves

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

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

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

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

## Treasury Management

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

## Capital Expenditure

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

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

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

## Schools Budget

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

## Council Housing

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

## Collection Fund

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

## Group Accounts

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

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

## Pensions

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

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

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

## Future funding

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

## Outlook

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

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

## Statement of Responsibilities

### Responsibilities of the Council

The Council is required to:

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

### Responsibilities of the Executive Director of Finance

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

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

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

The Executive Director of Finance has also:

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

### Certificate

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

**Fenella Merry**
**Executive Director of Finance**
**30 June 2026**

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

## Comprehensive Income and Expenditure Statement

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

| Restated 2024-25 | | | | | 2025-26 | | |
|---|---|---|---|---|---|---|---|
| **Expenditure £000** | **Income £000** | **Net £000** | *Notes* | | **Expenditure £000** | **Income £000** | **Net £000** |
| 358,710 | (258,348) | 100,362 | | Children's | 388,394 | (275,416) | 112,978 |
| 72,159 | (12,000) | 60,159 | | Environment | 76,205 | (30,314) | 45,891 |
| 181,627 | (147,789) | 33,838 | | Finance | 170,540 | (130,973) | 39,567 |
| 197,390 | (138,880) | 58,510 | | Health | 215,720 | (148,693) | 67,027 |
| 70,625 | (38,706) | 31,919 | | Housing | 79,688 | (45,826) | 33,862 |
| 256,769 | (183,079) | 73,690 | | Housing Revenue Account | 263,971 | (185,883) | 78,088 |
| 54,539 | (72,608) | (18,069) | | Transport | 55,747 | (90,422) | (34,675) |
| **1,191,819** | **(851,410)** | **340,409** | | **Cost of Services** | **1,250,265** | **(907,527)** | **342,738** |
| 4,399 | (5,369) | (970) | *10* | Other Operating Expenditure | 29,233 | 0 | 29,233 |
| 101,265 | (142,282) | (41,017) | *11* | Financing and Investment Income and Expenditure | 121,491 | (154,660) | (33,169) |
| 0 | (220,054) | (220,054) | *12* | Taxation and Non-Specific Grant Income | 0 | (264,958) | (264,958) |
| **1,297,483** | **(1,219,115)** | **78,368** | | **Surplus or Deficit on Provision of Services** | **1,400,989** | **(1,327,145)** | **73,844** |
| | | 26,941 | *14* | Surplus or deficit on revaluation of Property, Plant and Equipment | | | 29,852 |
| | | 2,568 | *44* | Remeasurement of the net defined benefit liability / asset | | | 13,215 |
| | | **29,509** | | **Other Comprehensive Income and Expenditure** | | | **43,067** |
| | | **107,877** | | **Total Comprehensive Income and Expenditure** | | | **116,911** |

## Balance Sheet

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

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

Fenella Merry, Executive Director of Finance, 30 June 2026

## Movement in Reserves Statement

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

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

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

## Cash Flow Statement

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

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

# Note 1 - Accounting Policies

## 1.1 General Principles

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

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

## 1.2 Going Concern

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

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

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

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

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

### 1.3 Accruals of Income and Expenditure

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

Income

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

Expenditure

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption (and the values are material) they are carried as inventories on the Balance Sheet. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Debtor and Creditor Balances (Accrual Policy)

Where revenue income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled (i.e., collection is doubtful), the balance of debtors is written down and a charge made to revenue for the income that might not be collected. Exceptions to this accruals policy are made where it would be impractical in terms of time and cost required and where the effect of not accruing has no material effect on the Council's Accounts.

Utility payments

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

Income from Penalty Charge Notices (PCNs)

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

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

Materiality and Estimation

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

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

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

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

Revenue from Contracts with Customers

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

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

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

### 1.4 Cash and Cash Equivalents

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

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

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

### 1.5 Long Term Non-Monetary Assets

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

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

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

### 1.6 Exceptional Items

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

### 1.7 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures. This treatment has been adopted and applied in preparing these financial statements.

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

Opening balance adjustments

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

Restatements

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

## 1.8 Charges to Revenue for Non-Current Assets

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

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

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

## 1.9 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and any non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable as at 1 April 2026, being the start of the year in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are generally charged on an accrual basis in the CIES if detailed notification of redundancy has been issued before 31 March (see accounting policy 1.29).

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

Post-Employment Benefits

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

The assets of the Pension Fund are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.
- Infrastructure – professional estimate.
- Private Debt – professional estimate.
- Bonds – market value.

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

- Service cost comprising:
    - Current service cost – the increase in liabilities (cost to employer) as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked.
    - Past service cost – the increase in liabilities arising from current year decisions on member benefits (for example changes to years of service earned in earlier years – debited to the Surplus or Deficit on Provision of Services in the CIES.
    - Interest cost – in line with the discount rate, the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CIES.

- Net interest on the net defined benefit liability (asset) – the interest cost on liabilities less the interest cost on assets- charged to the Financing and Investment Income and Expenditure line of the CIES.

- Re-measurements of the net defined benefit liability (asset) comprising:
    - Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has occurred) and b) the effects of changes in actuarial assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Wandsworth Council Pension Fund – cash paid as employer's and employees' contributions to the pension fund in settlement of liabilities.

- Benefits Paid (payments to discharge liabilities directly to pensioners) – a charge to the Pension Fund, reimbursed from the Council where there are unfunded discretionary benefits.

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

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

Discretionary Benefits

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

### 1.10 Fair value measurement

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

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

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

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

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

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

### 1.11 Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

Financial assets are generally classified into three types:

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

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

Amortised Cost

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

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

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

Fair Value through Profit and Loss

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

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

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

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

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

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

Expected Credit Loss Model

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

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

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

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

Foreign Currency Translation

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

## 1.12 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or that future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES. Restrictions, which limit the purpose for which the grant or contribution may be used but do not require repayment if not met, do not prevent recognition of income.

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

## 1.13 Community Infrastructure Levy

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

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

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

## 1.14 Heritage Assets

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

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

Recognition

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

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

### 1.15 Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The Council's intangible assets are considered to have finite useful lives. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the MiRS and posted to the CAA and (for any sale proceeds greater than £10k) the Capital Receipts Reserve (CRR).

### 1.16 Inventories

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

## 1.17 Investment Property

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

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

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

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

Typical valuation inputs include:

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

## 1.18 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund balance to the CAA then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## 1.19 Leases

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

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

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

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

The Council as Lessee

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

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

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

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

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

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

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

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

Low Value and Short Lease Exemption

As permitted by the Code, the Council excludes leases:

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

Lease Expenditure

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

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

The Council as Lessor

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

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the CRR in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the MiRS. When the future rentals are received, the element for the

capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the CRR.

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

Operating Leases

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

## 1.20 Property, Plant and Equipment

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

Recognition

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

Initial measurement

Assets are initially measured at cost, comprising:

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

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

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

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

Revaluations

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

- Dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH).
- Infrastructure and community assets and assets under construction – depreciated historical cost.
- Operational assets – determined using the basis of existing use value or depreciated replacement cost.
- Surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

Indexation

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

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

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

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

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

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

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

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, this is adjusted for by the valuer who provides a composite asset and asset life which represents the weighted average of the components. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the CAA.

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

### 1.21 Infrastructure Assets

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

### 1.22 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Contingent Liabilities

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

Contingent Assets

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

### 1.23 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance in the MiRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then transferred back into the General Fund balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

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

### 1.24 VAT

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

### 1.25 Accounting for Schools

Revenue Income and Expenditure

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

Capital

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

### 1.26 Council Tax and Business Rates

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

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

Accounting for Council Tax and Business Rates

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

### 1.27 Events After the Balance Sheet Date

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events (an adjusting event).
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect (a non-adjusting event).

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

### 1.28 Long Term Contracts

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

### 1.29 Redundancy Costs

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

## Note 2 - Accounting Standards Issued, Not Adopted

The Code requires changes in Accounting Policy to be applied retrospectively unless alternative transitional arrangements are specified. The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code, and therefore not required to be adopted by the Council.

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

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

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

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

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

## Note 3 - Critical Judgements in Applying Accounting Policies

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

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

Better Service Partnership with Richmond Council

Under the Better Service Partnership many costs (largely staff costs) are shared between the two councils. Generally, the amounts charged to each council continue to be calculated by service area and apportioned according to each council's requirement for the Better Service Partnership. A schedule is prepared and reviewed annually and details the apportionment (and methodology) of the shared costs. Full details on the basis for sharing costs was approved by the Council in April 2016 and can be found at the following link at Item 8 Appendix A:
https://democracy.wandsworth.gov.uk/ieListDocuments.aspx?CId=296&MId=5203&Ver=4

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

Wandsworth BC Trading Limited

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

Winstanley and York Road Regeneration LLP

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

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

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

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

Property, Plant and Equipment

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

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

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

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

Provisions

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

Pensions Liability

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

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

Arrears

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

## Note 5 - Material Items of Income and Expense

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

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

- For developments within the borough the Council receives receipts from developers on an irregular basis. £26.3m of Section 106 (S106) income from the South London Mail Centre site was received in 2025/26 (£12.9m in 2024/25). £3.5m of S106 income was also received from Embassy Gardens in 2025/26 (nil in 2024/25). A further £7m of CIL income was received in 2025/26 from developers across the borough (£15.3m in 2024/25).

- Losses on the Disposal of Non-Current Assets of £24.7m were recognised in 2025/26. £16.8m of losses relate to the disposal of school assets following their conversion to academy status where the assets are transferred for nil consideration. In addition, £4.5m relates to the granting of a long-term lease arrangement, £3.2m of disposals of Council Dwellings and £0.2m from general fund asset disposals during the year.

- There are no material items for WYR LLP to be separately noted outside the Group Accounts in 2025/26.

## Note 6 - Events After the Balance Sheet Date

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

## Note 7 - Expenditure and Funding Analysis

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

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

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

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

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

## Note 8 - Expenditure and Income Analysed by Nature

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

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

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

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

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

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

## Note 10 - Other Operating Expenditure

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

## Note 11 - Financing and Investment Income and Expenditure

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

## Note 12 - Taxation and Non-Specific Grant Income

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

## Note 13 - Transfers to/from Earmarked Reserves

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

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

## Note 14 - Property, Plant and Equipment

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

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

## Capital Commitments

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

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

Effects of Changes in Estimates

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

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

Revaluations

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

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

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

Prior Period Adjustment

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

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

## Note 15 – Infrastructure Assets

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

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

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

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

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

## Note 16 - Heritage Assets

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

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

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

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

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

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

## Note 17 - Investment Properties

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

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

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

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

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

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

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

## Note 18 – Intangible Assets

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

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

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

## Note 19 - Inventories

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

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

## Note 20 - Financial Instruments

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

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

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

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

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

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

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

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

## Note 21 - Debtors

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

## Note 22 - Debtors for Local Taxation

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

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

## Note 23 - Cash and Cash Equivalents

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

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

## Note 24 - Assets Held for Sale

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

## Note 25 – Creditors

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

## Note 26 – Provisions

**Current Provisions**

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

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

**Long Term Provisions**

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

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

Notes to the Provisions

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

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

## Note 27 – Usable Reserves

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

Capital Receipts Reserve

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

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

Major Repairs Reserve

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

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

Capital Grants Reserve

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

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

## Note 28 - Unusable Reserves

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

Revaluation Reserve

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

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

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

Capital Adjustment Account

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

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

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

## Pensions Reserve

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

| 31 March 2025 £000 | | 31 March 2026 £000 |
|---|---|---|
| **7,225** | **Opening Balance** | **6,366** |
| 2,568 | Remeasurements of the net defined benefit (liability)/asset | 13,215 |
| 27,056 | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 19,081 |
| (30,483) | Employer's pensions contributions and direct payments to pensioners payable in the year | (32,603) |
| **6,366** | **Balance 31 March** | **6,059** |

Deferred Capital Receipts Reserve

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

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

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-Domestic Rates income in the CIES as it falls due from payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

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

Accumulated Absences Account

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

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

Pooled Investment Funds Adjustment Account

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

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

Dedicated Schools Grant Adjustment Account

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

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

## Note 29 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

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

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

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

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

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

## Note 30 - Cash Flow from Investing Activities

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

## Note 31 - Cash Flow from Financing Activities

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

## Note 32 – Reconciliation of Liabilities from Financing Activities

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

## Note 33 - Agency Services

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

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

## Note 34 - Pooled Budgets

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

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

Better Care Fund (BCF)

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

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

Joint Integrated Community Equipment Service

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

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

## Note 35 - Members' Allowances

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

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

## Note 36 - Officers' Remuneration

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

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

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

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

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

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

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

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

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

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

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

Officer Remuneration Banding

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

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

Exit Packages

The number and cost of exit packages are included in the following table:

| Exit package cost band (including special payments) | Number of compulsory redundancies | | Number of other departures agreed | | Total number of exit packages by cost band | | Total cost of exit packages in each band (£) | |
|---|---|---|---|---|---|---|---|---|
| | 2024-25 | 2025-26 | 2024-25 | 2025-26 | 2024-25 | 2025-26 | 2024-25 | 2025-26 |
| £0-£20,000 | 9 | 5 | 16 | 80 | 25 | 85 | 230,504 | 704,487 |
| £20,001 - £40,000 | 2 | 0 | 4 | 14 | 6 | 14 | 178,678 | 383,076 |
| £40,001 - £60,000 | 2 | 0 | 1 | 5 | 3 | 5 | 158,917 | 248,952 |
| £60,001 - £80,000 | 1 | 0 | 1 | 4 | 2 | 4 | 143,730 | 274,694 |
| £80,001 - £100,000 | 2 | 2 | 0 | 2 | 2 | 4 | 185,841 | 361,866 |
| £100,001 - £150,000 | 0 | 0 | 2 | 2 | 2 | 2 | 231,053 | 251,203 |
| £150,001 - £200,000 | 2 | 0 | 1 | 3 | 3 | 3 | 490,202 | 489,909 |
| **Total** | **18** | **7** | **25** | **110** | **43** | **117** | **1,618,924** | **2,714,187** |
| Add: Amounts provided for in CIES not included in bandings | | | | | | | (11,456) | 352 |
| **Total cost included in CIES** | | | | | | | **1,607,468** | **2,714,539** |

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

## Note 37 - External Audit Costs

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

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

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

## Note 38 - Dedicated Schools Grant

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

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

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

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

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

# Note 39 - Grant Income

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

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

**Grants and contributions charged to Net Cost of Services**

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

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

**Grants Receipts in Advance (Revenue Grants) - Current Liabilities**

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

**Grants Receipts in Advance (Capital Grants) - Current Liabilities**

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

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

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

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

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

## Note 40 - Related Parties

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

Central Government

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

North East Surrey Crematorium Board (NESCB)

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

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

Western Riverside Waste Authority (WRWA)

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

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

Enable Leisure and Culture

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

St George's University Hospital NHS Foundation Trust

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

Achieving for Children (AfC)

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

Members and Officers

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

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

## Note 41 - Capital Expenditure and Capital Financing

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

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

**Explanation of movements in year**

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

## Note 42 - Leases

### Authority as Lessee - Operating Leases

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

Right of Use Assets

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

| | £000<br>Land and Buildings | £000<br>Total |
|---|---|---|
| **Balance at 1 April 2025** | 12,192 | 12,192 |
| Additions | 12,675 | 12,675 |
| Depreciation | (8,306) | (8,306) |
| **Balance at 31 March 2026** | **16,561** | **16,561** |

| | £000<br>Land and Buildings | £000<br>Total |
|---|---|---|
| **Balance at 1 April 2024** | 16,541 | 16,541 |
| Depreciation | (4,349) | (4,349) |
| **Balance at 31 March 2025** | **12,192** | **12,192** |

Maturity Analysis of Lease Liabilities

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

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

Transactions Under Leases

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

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

Cashflow – Minimum Lease Payments

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

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

**Authority as Lessor - Operating Leases**

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

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

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

## Note 43 - Pension Schemes Accounted for as Defined Contribution Schemes

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

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

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

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

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

## Note 44 - Defined Benefit Pension Scheme

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

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

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

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

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

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

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

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

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

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

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

| 2024-25 Council £000 | 2024-25 LPFA £000 | 2024-25 Total £000 | Movements in the Fair Value of Scheme Liabilities | 2025-26 Council £000 | 2025-26 LPFA £000 | 2025-26 Total £000 |
|---|---|---|---|---|---|---|
| (1,338,847) | (42,779) | (1,381,626) | Opening Balance | (1,197,806) | (37,995) | (1,235,801) |
| (26,325) | (105) | (26,430) | Current service cost | (19,987) | (84) | (20,071) |
| (64,471) | (1,992) | (66,463) | Interest cost | (66,561) | (2,058) | (68,619) |
| (11,660) | (34) | (11,694) | Contributions from scheme participants | (12,132) | (26) | (12,158) |
| | | | Re-measurement gains and losses: | | | |
| 3,191 | 115 | 3,306 | - Actuarial gains / (losses) - experience | (79,365) | (2,601) | (81,966) |
| 3,473 | 104 | 3,577 | - Actuarial gains / (losses) from changes in demographic assumptions | (14,965) | (535) | (15,500) |
| 171,874 | 3,181 | 175,055 | - Actuarial gains / (losses) from changes in financial assumptions | 72,889 | 984 | 73,873 |
| (606) | (6) | (612) | Past service cost | (500) | 0 | (500) |
| 65,565 | 3,521 | 69,086 | Benefits / transfers paid | 65,284 | 3,239 | 68,523 |
| 0 | 0 | 0 | Liabilities extinguished on settlements | 1,019 | 0 | 1,019 |
| **(1,197,806)** | **(37,995)** | **(1,235,801)** | **Balance as at 31 March** | **(1,252,124)** | **(39,076)** | **(1,291,200)** |

| Council £000 | LPFA £000 | Total £000 | Reconciliation of Change in Impact of Asset Ceiling | Council £000 | LPFA £000 | Total £000 |
|---|---|---|---|---|---|---|
| 577,471 | 12,651 | 590,122 | Opening Impact of asset ceiling | 753,720 | 15,745 | 769,465 |
| 28,758 | 614 | 29,372 | Interest on impact of asset ceiling | 44,500 | 890 | 45,390 |
| 147,491 | 2,480 | 149,971 | Actuarial gains and losses | (4,734) | (4,170) | (8,904) |
| **753,720** | **15,745** | **769,465** | **Closing impact of asset ceiling** | **793,486** | **12,465** | **805,951** |

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charges made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and HRA via the MiRS. The transactions in the preceding table have been made in the CIES and the General Fund Balance via the MiRS during the year. The table above shows the amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans.

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

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

Basis of Estimating Assets and Liabilities

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

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

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

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

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

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

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

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

Impact on the Council's cash flows.

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

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

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

## Note 45 - Contingent Liabilities

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

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

## Note 46 - Contingent Assets

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

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

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

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk - the possibility that the Council might not have funds available to meets its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates, fair value, and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central Accountancy Team within the Financial Management Division, under policies approved by the Council in the annual Treasury Management Strategy.

**Credit Risk**

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

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

Fixed Term Deposits

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

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

b) up to £100m with other UK local authorities or precepting authorities;

c) up to £20m for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, AA- long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);

d) up to £20m with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);

e) up to £10m for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1+ short-term, A long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);

f) up to £10m with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's);

g) up to £5m for a maximum of 6 months with UK or non-UK institutions with a Fitch credit rating of at least F1 short-term, A+ long-term, and a short-term watch that is negative (or equivalent under Moody's or Standard and Poor's);

h) up to £10m with UK or non-UK institutions for a maximum of 3 months where 2 out of 3 credit rating agencies have a Fitch credit rating of at least F1 short-term, A long-term, and a short-term watch that is not negative (or equivalent under Moody's or Standard and Poor's); and,

i) up to £50m with banks owned 20% or more by the UK Government (e.g. NatWest Group). Included in this limit is any balance held in notice funds held with these institutions.

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

j) No more than 40% of total investments shall be held in banks as fixed term deposits (this excludes those banks owned 20% or more by the UK Government).

k) No more than 30% of total investments shall be held in overseas banks as fixed term deposits.

l) No more than 10% of total investments shall be held in one overseas sovereign country in relation to fixed term deposits.

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

<u>Money Market Funds and Short Dated Income Funds</u>

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

b) The maximum limit for each counterparty with AAA rating shall be £50m.

c) The Federated +1-day MMF may exceed £50m to allow for capital appreciation which may take an initial investment over that value. However, principal investment (including net investments and divestments) must remain under £50m. This capital value will be formally reviewed at the monthly Treasury Management Meeting with the Executive Director of Finance.

d) Each MMF shall have a minimum AAA credit rating from one of the 3 main credit rating agencies and, if the fund has more than 1 rating, each rating shall be AAA.

e) Each short-dated income fund shall have as a minimum AA credit rating from one of the three main credit rating agencies.

f) The maximum investment placed in any fund shall not exceed £50m in total assets under management in the fund.

g) For an AA rated short-dated income fund, the maximum investment in any fund shall not exceed £5m, or 7.5% of assets under management, whichever is the lower.

h) Short-dated income funds held at a bank which is 20% or more owned by the UK Government (e.g. NatWest Group) are exempt from the MMF criteria f) to h) but are subject to the restrictions detailed in Fixed Term Deposits criteria i) above.

Longer Term Investments

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

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

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

Property Funds

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

Covered Bonds

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

Joint Venture Loans

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

Loans to Staff Mutuals, other service providers and Voluntary organisations

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

Business Improvement Districts (BIDS)

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

HRA loans

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

Other Counterparty Debtors

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

**Liquidity Risk**

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

**Interest Rate Risk**

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

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

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

## Note 48 – Group Relationships

**Shared Services**

The Better Service Partnership with LB Richmond

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

South London Legal Partnership (SLLP)

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

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

Internal Audit and Fraud

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

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

Pension Shared Service

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

Regulatory Service Partnership

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

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

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

**Other**

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

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

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

## Note 49 – Restatements to 2024/25 Accounts

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

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

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

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

## Collection Fund

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

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

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

## Notes to the Collection Fund

The following table shows the calculation of the Council Tax Base

**2025-26**

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

**2024-25**

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

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

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

# Housing Revenue Account

## Housing Revenue Account Income and Expenditure Statement

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

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

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

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

## Movement on the HRA Statement

| Restated 2024-25 £000 | Movement on the HRA Statement | 2025-26 £000 |
|---|---|---|
| **(154,223)** | **Balance on the HRA at the end of the previous year** | **(128,272)** |
| 62,207 | (Surplus) or Deficit on the HRA Income and Expenditure Statement | 56,140 |
| (38,297) | Adjustments between accounting basis and funding basis under statute | (66,558) |
| **23,910** | **Net (increase) or decrease on the HRA** | **(10,418)** |
| 2,042 | Transfers to / (from) Reserves | (2,229) |
| 23,909 | (Increase) / decrease on the HRA for the year | (10,418) |
| **(128,272)** | **Balance on the HRA at the end of the current year** | **(140,919)** |

| 2024-25 £000 | Adjustment between accounting basis | 2025-26 £000 |
|---|---|---|
| (79,411) | Transfers to/(from) the Capital Adjustment Account | (116,776) |
| 5,236 | Gain or (loss) on sale of non-current assets | (3,040) |
| 101 | Contributions to or (from) the Pension Reserve | 1,195 |
| (113) | Transfers to/(from) the Capital Receipts Reserve | (188) |
| (204) | Transfers to/(from) the Accumulated Absences Account | 104 |
| 28,342 | Transfers to/(from) Major Repairs Reserve | 25,050 |
| 7,752 | Transfers to/(from) Capital Grants Unapplied | 27,097 |
| **(38,297)** | **Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year** | **(66,558)** |

# Notes to the HRA Accounts

## Note 1 - Analysis of Council Housing Stock

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

## Note 2 – Housing Revenue Account Capital Funding

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

## Note 3 - Balance Sheet Value of HRA Assets

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

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

Revaluation

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

## Note 4 – Depreciation of Non-Current Assets

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

## Note 5 – Transactions relating to retirement benefits

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

## Note 6 – Total Capital Receipts generated during the year

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

# Consolidated Group Accounts

## Introduction

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

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

## Winstanley and York Road Regeneration LLP

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

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

# Group Comprehensive Income and Expenditure Statement

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

## Group Balance Sheet

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

Fenella Merry, Executive Director of Finance, 30 June 2026

## Group Movement in Reserves Statement

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

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

## Group Cash Flow Statement

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

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

To follow

# Pension Fund Accounts

## Wandsworth Fund Account

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

## Net Assets Statement

| 31 March 2025 £000 | | Note | 31 March 2026 £000 |
|---|---|---|---|
| | **Investment Assets** | | |
| 3,057,783 | - Investment Assets | | 3,193,702 |
| 98,673 | - Cash Deposits with FM | | 150,887 |
| (1,624) | Investment Liabilities | | (18,822) |
| **3,154,832** | **Total Net Investments** | *Note 15* | **3,325,767** |
| | **Long term Assets** | | |
| 300 | - CIV Long Term Capital (Founders' Shares) | *Note 29* | 370 |
| 2,858 | - Long Term Debtor | *Note 29* | 2,788 |
| **3,157,990** | **Total Long Term Assets** | | **3,328,925** |
| | **Current Assets** | | |
| 1,183 | - Cash Deposits with Bank (incl. Cash in Transit) | *Note 30* | 703 |
| 1,990 | - Current Assets (excl. bank) | *Note 30* | 2,742 |
| **3,173** | | | **3,445** |
| (3,107) | **Current Liabilities** | *Note 30* | (3,805) |
| **(3,107)** | | | **(3,805)** |
| **3,158,056** | **Net Assets of the Fund Available to fund Benefits at the end of the Reporting Period** | | **3,328,565** |

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 28.

## Notes to the Wandsworth Pension Fund Accounts

### Note 1 Description of the Fund

The Wandsworth Pension Fund (the Fund) is part of the LGPS and is administered by Wandsworth Council.

**a) General**

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Wandsworth Council to provide pensions and other benefits for pensionable employees of Wandsworth Council, Richmond Council, and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Joint Pensions Committee, which is a committee of Wandsworth Council, and includes representatives from both Wandsworth and Richmond Councils since these councils' funds were merged by Statutory Instrument 2016/1241.

## b) Membership

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

Organisations participating in the Wandsworth Pension Fund include the following:

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

Membership details are set out below:

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

## c) Funding

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

## d) Benefits

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

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

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

## Note 2 Basis of Preparation

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

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

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

## Note 3 Going Concern

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

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

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

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

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

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

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

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

## Note 4 Summary of Significant Accounting Policies

### Fund Account – revenue recognition

### a) Contribution income

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

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

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

**b) Transfers to and from other schemes**

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

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

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

**c) Investment income**

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

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

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

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

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

**Fund Account – expense items**

**d) Benefits payable**

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

## e) Taxation

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

## f) Management expenses

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

| | |
|---|---|
| Administrative expenses | The overall costs of the pensions administration team (including staffing, accommodation, management and other overheads) are analysed and the proportion of these costs relating to administering the Fund are charged as expenses to the Fund. |
| Oversight and governance | All staff costs associated with governance and oversight are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. |
| Investment management expenses | Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown in Note 12 and grossed up to increase the quarterly income to be gross of fees.<br><br>Fees charged by external investment managers and the custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.<br><br>In addition the fund has paid performance related fees to Oakhill (MAC) and JP Morgan (Infrastructure). Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account.<br><br>The proportion of the time spent by Council officers on investment management activity is recharged to the Fund. |

## Net Assets Statement

### g) Financial assets

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

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

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

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

### h) Freehold and leasehold properties

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

### i) Foreign currency transactions

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

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

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

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

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

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

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

**n) Financial liabilities**

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

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

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

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

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

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

**q) Contingent assets and contingent liabilities**
A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events.

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

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

## Note 5 Critical Judgements in Applying Accounting Policies

### Pension Fund Liability

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

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

### Impacts of Inflation and High Interest Rates

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

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

### Private Debt and Infrastructure investments (Level 3 Investments)

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

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

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

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

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

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

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

## Note 7 Events After the Reporting Date

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

## Note 8 Contributions Receivable

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

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

## Note 9 Transfers In from Other Pension Funds

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

## Note 10 Benefits Payable

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

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

## Note 11 Payments To and On Account of Leavers

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

## Note 12 Management Expenses

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

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

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

## Note 13 Investment Income

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

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

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

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

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

### Property Income

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

## Note 14 External Audit Costs

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

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

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

## Note 15 Investments

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

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

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

## Note 16 Reconciliation of Movements in Investments and Derivatives

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

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

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

Purchases and sales of derivatives are recognised as follows:

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

## Note 17 Investments Analysed by Fund Manager

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

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

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

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

## Note 18 Stock Lending

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

## Note 19 Property Holdings

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

## Note 20 Analysis of Derivatives

### Objectives and Policies for Holding Derivatives

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

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

### Forward Foreign Currency

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

The following arrangements were in place during 2025/26:

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

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

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

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

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

Open Forward Foreign Currency Contracts are as follows:

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

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

## Note 21 Fair Value – Basis of Valuation

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

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

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

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

**Level 1** – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.
**Level 2** – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.
**Level 3** – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

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

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

**Sensitivity of assets valued at Level 3**

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

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

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

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

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

## Note 22 Fair Value Hierarchy

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

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

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

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

## Transfers between Levels 1 and 2

No assets have transferred between levels during the reporting period.

## Note 23 Reconciliation of Fair Value Measurements within Level 3

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

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

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

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

## Note 24 Classification of Financial Instruments

| 31 March 2025 | | | 31 March 2026 | |
|---|---|---|---|---|
| Fair Value through P&L | Amortised Cost | | Fair Value through P&L | Amortised Cost |
| £000 | £000 | | £000 | £000 |
| | | **Financial Assets** | | |
| 1,809,059 | | Pooled Global Equity | 1,966,633 | |
| 315,994 | | Pooled Fixed Income Bonds | 315,925 | |
| 325,657 | | Pooled Fixed Income MAC | 334,158 | |
| 151,566 | | Pooled Property | 145,095 | |
| 233,776 | | Pooled Infrastructure | 242,179 | |
| 43,616 | | Pooled Private Equity | 48,810 | |
| 154,660 | | Pooled Private Debt | 138,913 | |
| 23,046 | | Derivative Contracts - Forward Currency | 1,014 | |
| | 98,673 | Cash | | 150,887 |
| 0 | 409 | Current Assets - Debtors | | 975 |
| **3,057,374** | **99,082** | **Total Assets** | **3,192,727** | **151,862** |
| | | **Financial Liabilities** | | |
| (1,624) | | Derivative Contracts - Forward Currency | (18,822) | |
| | 0 | Current Liabilities - Creditors | | 0 |
| **(1,624)** | **0** | **Total Liabilities** | **(18,822)** | **0** |
| **3,055,750** | **99,082** | **Net Total** | **3,173,905** | **151,862** |
| **3,154,832** | | **Grand Total** | **3,325,767** | |

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

## Note 25 Net Gains & Losses on Financial Instruments

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

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

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

## Note 26 Nature and Extent of Risks Arising from Financial Instruments

### Risk and risk management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Interest rate risk

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

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

## Interest rate – risk sensitivity analysis

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

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

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

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

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

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

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

While the fair value of fixed interest investments will change as changes in interest rates make the fixed rate return more or less attractive to investors, the interest receivable will not change. These are therefore excluded from the second set of tables.
Private debt is included as while carrying value will not change directly with interest rate changes, the debt is variable rate and so income will change.

## Currency risk

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

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

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

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

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

**b) Credit risk**

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

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

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

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

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

| Balances at 31st March 2025 £000 | | Credit Rating | Balances at 31st March 2026 £000 |
|---|---|---|---|
| | **Moneymarket Funds** | | |
| 98,673 | NTGI Global Cash Fund | AAA | 150,887 |
| | **Bank Current Accounts** | | |
| 1,183 | Held with the Fund's Bank | F1 | 703 |
| **99,856** | **Total Cash Held** | | **151,590** |

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Fund has not experienced any actual defaults in recent years and the current practice is to obtain a bond or a guarantee before admitting new employers so that all contribution obligations are covered in the event of that employer facing financial difficulties. All monthly contributions due at 31 March 2025 and 31 March 2026 were received in accordance with a monthly payment schedule. This schedule is monitored and non-compliance with agreed schedules is raised with the employer and escalated as appropriate.

Eleven admitted body employers in the Wandsworth Pension Fund have a Council guarantee to guard against the possibility of being unable to meet their pension obligations. These guarantees are drawn in favour of the Fund in the event of early termination of an admission agreement and payment will only be triggered in the event of employer default. One ceased employer has an agreement to spread their cessation cost, with a charge on their property to cover the unpaid cost. There is currently very low risk of non-payment based as the value is now minimal due to improved funding levels at the latest valuation. No defaults have occurred in 2024/25 or 2025/26.

**c) Liquidity risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund is currently cash flow negative on dealings with members but positive taking into account investment returns being retained as cash rather than reinvested, and excluding one-off events such as large transfers.

The Fund ensures liquidity by:

- holding day to day cash in an interest-bearing account with its bank and a Money Market Fund with its custodian, both with daily liquidity
- investing in a range of assets and pooled vehicles which could be liquidated with sufficient notice to fund large planned cash outflows
- having an overdraft facility with its bank

The administering authority (Wandsworth Borough Council) is the lender of last resort to the Fund as facilitated by regulations, where the Fund does not have sufficient liquidity to meet its payment commitments.

The Fund defines liquid assets as assets that can be converted to cash within three months. As at 31 March 2026 the value of illiquid assets represented £575.0m, 17.3% of the total fund value (at 31 March 2025 this was £583.6m or 18.5% of the total fund).

**d) Refinancing risk**

The key risk is that the Fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have the power to borrow long term (only to fund benefit payments or asset allocation changes with repayment within 3 months) and has not borrowed in year so has no exposure to this risk.

## Note 27 Funding Arrangements

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

The key elements of the funding policy are:

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

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

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

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

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

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

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

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

**Demographic assumptions**
The assumed life expectancy from age 65 is as follows:

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

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

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

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

## Note 28 Actuarial Present Value of Promised Retirement Benefits

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

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

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

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

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

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

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

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

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

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

**Virgin Media Ruling**

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

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

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

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

## Note 29 Long Term Assets

### LCIV Long Term Capital

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

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

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

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

### Long Term Debtors

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

## Note 30 Current Assets & Liabilities

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

## Note 31 Additional Voluntary Contributions

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

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

## Note 32 Agency Services

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

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

## Note 33 Related Party Transactions

### Governance (Control of the Fund)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Note 34 Key Management Personnel

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

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

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

## Note 35 Contingent Liabilities and Contractual Commitments

### Contractual Commitments

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

### Contingent Liabilities

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

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

## Note 36 Accounting Standards Issued but Not Adopted

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

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

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

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

To follow.

## DRAFT ANNUAL GOVERNANCE STATEMENT 2025/26

### Introduction

This Annual Governance Statement (AGS) sets out how the Wandsworth Borough Council has maintained sound governance arrangements during 2025/26 and provides an assessment of their effectiveness. It is a statutory document required under the Accounts and Audit Regulations 2015 and is prepared in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework and the 2025 Addendum.

The statement is informed by a comprehensive annual governance review, which considers both the effectiveness of governance arrangements during the year and the key risks and challenges facing the Council going forward. The review draws on a wide range of assurance sources, including internal audit work, risk and performance management, external audit findings, inspectorate reports, and assurances provided by senior officers.

Following the May 2026 local elections, no single political group holds overall control of the Council. The Conservative Group is the largest political group, with representation also from the Labour Group and an Independent Member. The Independent Member holds the balance of power and has indicated support for the formation of a Conservative-led administration. These arrangements provide a basis for continued decision-making, governance and scrutiny, supported by the Council's established constitutional and governance framework.

### Scope of Responsibility

Wandsworth is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for; and
- Resources are used economically, efficiently, and effectively.

Wandsworth has a duty to:

- Make arrangements to secure continuous improvement in the way in which its functions are exercised;
- Put in place proper arrangements for the governance of its affairs; and
- Implement and maintain effective processes of internal control, including appropriate arrangements to manage risks.

### Governance Framework

<u>The purpose of the Governance Framework</u>

The governance framework comprises the systems, processes, cultures and values which underpin how Wandsworth is controlled and managed internally, and how it engages with residents, service users and the wider community. It enables Wandsworth to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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 governance system at Wandsworth

The Council operates under a Leader and Cabinet model of governance (executive arrangements). Under this model, responsibility for most decisions relating to Council services rests with the Cabinet. The Cabinet comprises the Leader of the Council and Cabinet Members, each of whom is responsible for a defined portfolio of services and policy areas. The Cabinet is responsible for implementing policies and strategies and for making decisions within the agreed Budget and Policy Framework.

Full Council, comprising all elected Members, is responsible for setting and approving the Budget and Policy Framework within which the Cabinet operates. Councillors meet to debate issues, question Cabinet Members, and agree the strategic direction of the Council.

The Council has established a number of Overview and Scrutiny Committees (OSCs). These Committees hold the Cabinet to account, scrutinise decisions, assist in developing policy, and consider matters of performance within their areas of responsibility.

The Council has in place an Audit Committee, which provides independent assurance on the adequacy of the Council's governance, risk management and internal control arrangements. The Committee also oversees financial reporting and audit activity.

In addition, the Council operates a range of regulatory and other committees (such as Planning, Licensing, and Pensions Committees), which are responsible for functions that are not delegated to the Cabinet under legislation.

The Council's Constitution sets out how the Council operates, how decisions are made, and the procedures to ensure that decision-making is efficient, transparent and accountable to local people.

The Council continues to monitor developments in the external governance and regulatory environment and will consider the implications of any new legislation and policy changes on its governance and operational arrangements as they arise.

Wandsworth has appointed its statutory officers, including the Head of Paid Service (Chief Executive), the Section 151 Officer, and the Monitoring Officer. These officers are responsible for ensuring that the Council maintains effective governance arrangements, including compliance with relevant legislation, financial management and standards of conduct.

During the year, interim arrangements have been in place for the role of Chief Executive. These arrangements have been managed to ensure continuity of leadership, governance and decision-making. A substantive appointment process is planned, and the Council will ensure effective transition arrangements are in place.

## Arrangements for governance

Wandsworth's governance arrangements are designed to secure compliance with the principles set out in the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government (2016), together with the principles set out in the May 2025 Addendum covering the annual review of governance and the Annual Governance Statement.

Wandsworth 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.

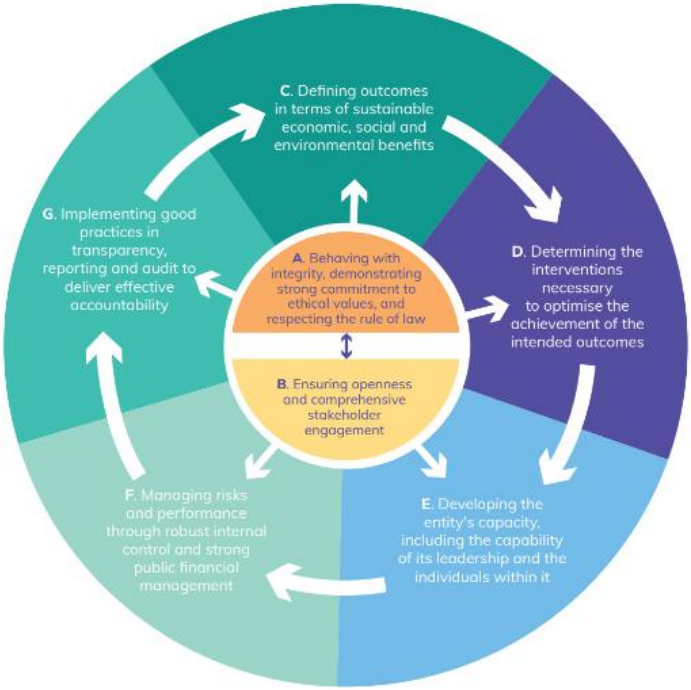
Wandsworth also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Wandsworth has in place a Local Code of Corporate Governance, which forms part of the Council's Constitution. The Code brings together the key policies, procedures, systems, values and behaviours through which the Council directs and controls its activities. It sets out how the Council's governance arrangements operate in practice and provides a framework for ensuring effective governance across all aspects of the organisation.

The Code is reviewed as part of the annual governance review to confirm that it remains current and reflects the Council's operating environment. While the Code continues to provide an appropriate governance framework, a review and update has been identified as necessary to ensure full alignment with the Council's evolving governance arrangements, relevant statutory guidance and best practice. This will be taken forward during 2026/27.

The Local Code of Corporate Governance is aligned with the principles set out in CIPFA/SOLACE's Delivering Good Governance in Local Government framework and reflects how those principles are applied in practice across the Council.

There are seven core principles of good governance as set out in the framework, which are:




Seven principles

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B. Ensuring openness and comprehensive stakeholder engagement
C. Defining outcomes in terms of sustainable economic, social and environmental benefits
D. Determining the interventions necessary to optimise the achievement of the intended outcomes
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

F. Managing risks and performance through robust internal control and strong public financial management
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

Set out below is how Wandsworth has met the seven principles of the framework:

**A - Behaving with integrity**

Wandsworth is committed to maintaining high standards of conduct and behaviour across all of its activities. The Council's Local Code of Corporate Governance, which forms part of the Constitution, sets out the expectation that Members and officers act with integrity, uphold ethical values and comply with the rule of law in the discharge of their responsibilities.

A comprehensive framework of policies and procedures is in place to promote ethical behaviour and support compliance with legal and regulatory requirements. These include Codes of Conduct for Members and officers, supported by arrangements covering declarations of interests, gifts and hospitality, and standards of behaviour.

The Monitoring Officer has statutory responsibility for promoting and maintaining high standards of conduct, and for ensuring that the Council operates within its legal powers and in accordance with the Constitution. Legal and governance advice is provided to Members and officers to support lawful and transparent decision-making.

The Council maintains policies designed to promote ethical behaviour and counter fraud and corruption, including the Anti-Fraud and Corruption Strategy which includes the Anti-Money Laundering, Anti-Bribery and Whistleblowing arrangements. A regular cross-functional whistleblowing review process involving the Monitoring Officer, Audit, Fraud and Human Resources supports appropriate handling of concerns.

Training and development is provided to Members and officers to ensure awareness of legal responsibilities, ethical standards and governance requirements. This includes induction arrangements and ongoing training to support effective and informed decision-making.

Decisions are taken in accordance with the Council's Constitution and are appropriately recorded and published to ensure transparency. The Council's Overview and Scrutiny Committees provide challenge and oversight of decision-making, while the Audit Committee provides independent assurance over governance, internal control and ethical frameworks.

The effectiveness of these arrangements is informed through a range of assurance mechanisms, including internal audit activity, complaints and whistleblowing monitoring, and external review where applicable.

Through these arrangements, Wandsworth demonstrates a strong commitment to integrity, ethical standards and compliance with the rule of law.

**B - Ensuring openness**

Wandsworth is committed to operating in an open and transparent manner, ensuring that decision-making processes are accessible, accountable and clearly understood by residents and stakeholders.

The Council publishes information on its governance arrangements, decision-making processes and performance through its website and committee systems. Agendas, reports, decisions and minutes for Cabinet, Full Council and committees are made publicly available, supporting transparency and enabling public scrutiny of how decisions are taken.

Wandsworth's Corporate Plan for 2022–2026 sets out its priorities and is published on the Council's website. The Plan is structured around overarching objectives to deliver a fairer, more compassionate and more sustainable borough, and outlines the outcomes the Council is seeking to achieve for residents. The Plan is refreshed annually to reflect progress, performance and emerging priorities, and is supported by a wider suite of strategies and policies which are also publicly available.

The Council operates a Leader and Cabinet model, supported by Overview and Scrutiny Committees which hold decision-makers to account. These Committees provide an important mechanism for openness by reviewing Cabinet decisions, contributing to policy development and enabling challenge in public meetings.

Residents and stakeholders are able to engage with the Council through a range of formal and informal mechanisms. These include attending committee meetings, submitting deputations where appropriate, engaging with public consultations and raising issues with elected Members. Councillors act as representatives for their communities, ensuring that local views are reflected in decision-making.

The Council is committed to transparency in its performance reporting. Key Performance Indicators and Corporate Plan progress are reported regularly through Cabinet and Overview and Scrutiny Committees and published as part of the Council's open data and transparency arrangements. This enables residents and stakeholders to understand how the Council is performing against its priorities.

The Council also maintains arrangements for handling complaints, feedback and Freedom of Information (FOI) requests, ensuring that residents have clear routes to raise concerns, request information and contribute to service improvement. Learning from complaints and feedback is used to inform service delivery and strengthen governance arrangements.

Through these arrangements, Wandsworth promotes openness, transparency and active engagement with residents and stakeholders, supporting effective accountability and informed decision-making.

**C - Defining sustainable outcomes**

Wandsworth defines its strategic outcomes through its Corporate Plan 2022–2026, which sets out the Council's vision, priorities and intended outcomes for residents. The Corporate Plan is structured around key themes, including delivering a fairer, more compassionate and more sustainable borough, and establishes the long-term outcomes the Council is seeking to achieve.
The Corporate Plan is supported by a set of annual actions and Key Performance Indicators (KPIs), which are used to monitor progress and assess the impact of the Council's activities. These KPIs are designed to be outcome-focused and measurable, enabling the Council to evaluate performance against its strategic objectives and ensure that resources are directed to areas of greatest impact.

Outcomes and priorities are informed by engagement with residents, performance data, and an understanding of local need, as well as external drivers such as national policy, legislative requirements and economic conditions. This approach ensures that the Council's objectives reflect both local priorities and wider contextual challenges.

The Council integrates its strategic and financial planning processes to support the delivery of outcomes. The Medium Term Financial Strategy (MTFS) aligns financial resources with

Corporate Plan priorities, ensuring that decision-making is informed by a clear understanding of the Council's financial position and the need to achieve value for money.

Performance against Corporate Plan objectives is monitored through regular reporting to Cabinet and Overview and Scrutiny Committees. This includes updates on progress against annual actions and KPI performance, providing transparency and enabling timely intervention where required.

The Council also considers sustainability in its broadest sense—economic, social and environmental—when defining and reviewing outcomes. This includes addressing inequalities, supporting vulnerable residents, promoting inclusive economic growth and responding to the climate change agenda.

Through these arrangements, Wandsworth ensures that its intended outcomes are clearly defined, aligned to community needs and sustainable over the longer term, and that progress towards these outcomes is actively monitored and managed.

**D – Achieving intended outcomes**

Wandsworth determines how best to deliver its intended outcomes through a structured framework of strategy, decision-making and service planning, aligned to the priorities set out in the Corporate Plan.

The Council's Leader and Cabinet model of governance ensures that decisions on policy and service delivery are taken at the appropriate level, with Cabinet responsible for determining the actions, interventions and resources required to achieve the Council's objectives. Cabinet considers a range of factors when making decisions, including performance information, financial implications, legal advice and the impact on residents.

The Corporate Plan is supported by annual delivery plans and actions, which translate strategic priorities into specific, measurable activities. These are monitored through Key Performance Indicators (KPIs) and performance reporting arrangements, enabling the Council to track progress and adjust its approach where necessary.

The Council integrates financial planning and resource allocation into its decision-making processes to support the delivery of outcomes. The Medium Term Financial Strategy (MTFS) aligns available resources with Corporate Plan priorities, ensuring that decisions about service delivery and investment are informed by financial sustainability considerations.

A range of governance and management arrangements support the identification and implementation of appropriate interventions. These include Directorate management structures, corporate and service-level planning processes, and the use of programme and project management approaches where appropriate to deliver significant initiatives and transformation activity.

The Council's Overview and Scrutiny Committees play a key role in reviewing and challenging proposed interventions, including contributing to policy development and scrutinising the effectiveness of decisions taken by Cabinet. This helps to ensure that interventions are robust, evidence-based and aligned to the needs of residents.

The Council also considers risk as part of its approach to determining interventions. Risk management arrangements are used to identify and assess potential barriers to achieving outcomes, and to ensure that appropriate mitigating actions are in place.

Through these arrangements, Wandsworth ensures that the interventions it undertakes are aligned to its strategic objectives, appropriately resourced, and subject to effective oversight and challenge to support the delivery of intended outcomes.

**E – Developing Capacity**

Wandsworth maintains arrangements to ensure that it has the organisational capacity, leadership capability and workforce skills required to deliver its strategic objectives.

The Council operates a shared staffing arrangement with the London Borough of Richmond upon Thames, under which the majority of staff are jointly employed, and services are managed across both authorities. This enables the Council to access a broader range of skills, experience and capacity, supporting resilience and efficiency in service delivery.

Strategic leadership is provided by the Chief Executive and the Directors' Board, which is responsible for the overall management of the Council's operations and the delivery of its priorities. The Directors' Board comprises senior officers who provide leadership across service areas and ensure that the organisation is effectively managed and aligned to its strategic objectives.

The Council recognises the importance of effective leadership and governance at both Member and officer level. Clear roles and responsibilities are set out within the Constitution and supporting governance framework, ensuring appropriate accountability and effective decision-making.

Arrangements are in place to support the development of Members and officers, including induction programmes and ongoing training to ensure that individuals have the knowledge and skills required to carry out their roles effectively. These arrangements support good governance, informed decision-making and compliance with statutory responsibilities.

The Council also promotes a culture of continuous improvement and learning, supported by performance management, risk management and internal audit activity. This enables the organisation to assess its effectiveness, identify areas for development and take appropriate action to strengthen its capacity and capability.

Workforce planning and organisational arrangements are aligned to the Council's strategic priorities, ensuring that resources are deployed effectively to meet current and future service demands.

Through these arrangements, Wandsworth ensures that it maintains effective leadership, organisational capacity and workforce capability to support the delivery of its objectives and respond to emerging challenges.

**F – Managing Risks**

The Council maintains a comprehensive system of internal control, supported by arrangements to ensure that risks are identified, managed and monitored effectively, and that performance is assessed against the Council's objectives. The Council maintains robust financial management arrangements, including effective budget setting, monitoring and financial control processes, supported by compliance with the CIPFA Financial Management Code.

The Council has undertaken a comprehensive review of its risk management framework to strengthen risk identification, assessment, escalation and reporting. The review has been completed, and implementation of the revised framework is underway, including the introduction of a supporting digital solution to enhance the capture, monitoring and reporting

of risks across the organisation. The revised framework adopts a three tier approach where service level risks are refined into departmental level risks, which may subsequently escalate to corporate risks. Risk is continually reviewed by officers, with formal quarterly reporting to capture changes.

The Council has a well-established internal control environment, supported by policies, procedures and governance arrangements designed to ensure the effective, efficient and lawful operation of its activities. This includes clear decision-making processes set out in the Constitution, defined roles and responsibilities, and arrangements for financial control and stewardship.

The Council's financial management arrangements are underpinned by the Medium Term Financial Strategy (MTFS), which ensures that financial planning is aligned to Corporate Plan priorities. Robust budget monitoring and financial reporting arrangements are in place to track performance against budget, manage financial risks and ensure value for money.

Performance management arrangements enable the Council to monitor delivery against its strategic objectives. Key Performance Indicators (KPIs) and Corporate Plan actions are regularly reviewed and reported to Cabinet and Overview and Scrutiny Committees, allowing for effective oversight and timely intervention where performance falls below expectations.

The Council also obtains assurance over shared service arrangements and key partnerships, including those delivered jointly with the London Borough of Wandsworth and through organisations such as Achieving for Children. This includes shared services such as Audit and Fraud, Legal, Pensions and Regulatory Services, as well as partnership bodies including the Health and Wellbeing Board. Assurance is obtained through established governance structures, performance monitoring and internal audit activity, supporting effective oversight and ensuring that risks and performance are appropriately managed across organisational boundaries.

The Council's Internal Audit function provides independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control arrangements. Internal Audit undertakes a programme of risk-based audit work and reports findings to management and the Audit Committee, including an annual opinion on the overall effectiveness of the control environment.

The Audit Committee plays a key role in overseeing risk management, internal control and financial reporting arrangements, and in considering the findings of Internal Audit and external auditors. This provides independent challenge and assurance to support effective governance.

Additional sources of assurance are considered as part of the Council's governance framework. These include external audit, inspectorate reports and regulatory reviews, complaints and ombudsman findings, and corporate performance and risk reporting. Together, these sources provide a comprehensive picture of the effectiveness of governance and control arrangements across the Council.

Through these arrangements, Wandsworth is able to effectively manage risks, monitor performance and maintain a robust system of internal control and financial management to support the delivery of its objectives.

**G – Transparency and Accountability**

Wandsworth is committed to ensuring transparency and accountability through robust reporting arrangements and effective audit processes.

The Council publishes a range of information to support openness and demonstrate accountability to residents and stakeholders. This includes the Annual Governance Statement, Statement of Accounts, budget reports, Corporate Plan updates and performance information. These documents provide a clear and comprehensive view of the Council's financial position, governance arrangements and performance against its objectives.

In addition, the Council complies with the requirements of the Local Government Transparency Code by publishing prescribed datasets on its website, including information on expenditure, procurement, senior salaries and organisational data. This supports transparency, enabling public scrutiny and reinforcing accountability to residents and stakeholders.

Decision-making processes are transparent and supported by the publication of Cabinet, Council and committee agendas, reports and decisions. These are made publicly available through the Council's website, enabling residents and stakeholders to understand how decisions are taken and to hold the Council to account.

The Council maintains a structured approach to performance reporting, with progress against Corporate Plan actions and Key Performance Indicators monitored and reported regularly to Cabinet and Overview and Scrutiny Committees. This ensures that performance information is subject to appropriate challenge, supports informed decision-making and enables timely corrective action where required.

The Council's Internal Audit function provides independent assurance on the effectiveness of governance, risk management and internal control arrangements. Internal Audit delivers a risk-based programme of work and reports its findings to management and the Audit Committee, including an annual opinion on the overall adequacy of the Council's control environment.

The Audit Committee provides independent oversight of the Council's governance framework, financial reporting and audit activity. The Committee considers the findings of Internal Audit and External Audit, providing challenge and assurance to support effective governance and accountability.

The Council is subject to external audit, which provides independent assurance on the Council's financial statements and value for money arrangements. External audit findings are reported to Members and inform the Council's understanding of its governance and financial management performance.

In addition to formal audit activity, the Council considers a range of other sources of assurance, including inspection and regulatory reports, complaints and Ombudsman findings, and corporate performance information. These sources contribute to a broader understanding of how effectively the Council is operating and delivering services.

Through these arrangements, Wandsworth ensures that it maintains effective, transparent reporting and audit practices, enabling accountability to Members, residents and stakeholders and supporting continuous improvement in governance.

**Sources of Assurance**

The Council's assessment of the effectiveness of its governance arrangements is informed by a wide range of internal and external sources of assurance. These sources provide complementary and independent evidence across all aspects of governance, risk management and internal control, and are used collectively to support the overall conclusion set out in this statement.

The Council's assurance framework reflects the principles of the three lines model. Management and operational controls form the first line of assurance, supported by oversight and compliance functions as the second line, with Internal Audit providing independent third-line assurance.

At an operational level, assurance is derived from the Council's risk management arrangements, which support the identification, monitoring and mitigation of strategic and operational risks, together with performance management processes that track delivery of Corporate Plan priorities and Key Performance Indicators. Financial management arrangements, including budget monitoring and the Medium Term Financial Strategy, provide further assurance regarding the stewardship of public funds. Governance and decision-making oversight is provided through Cabinet and Overview and Scrutiny Committees, while senior officers, including Executive Directors and statutory officers, provide assurances regarding the effectiveness of control and governance arrangements within their respective areas of responsibility. Internal Audit complements these arrangements through a programme of risk-based work and the provision of an annual opinion on the overall adequacy and effectiveness of governance, risk management and internal control.

The Council also places reliance on a range of external and independent sources of assurance to provide validation and challenge. External Audit provides independent assurance on the Council's financial statements and value for money arrangements. Inspectorates and other regulatory bodies provide assurance over the effectiveness of key services and the delivery of outcomes for residents. Findings from the Local Government and Social Care Ombudsman provide independent insight into complaints handling and administrative practice, while additional assurance is obtained from other regulatory and compliance bodies, including those relating to information governance, health and safety and statutory compliance.

Given the scale and significance of housing services within Wandsworth, additional assurance is obtained through specific housing-related governance arrangements. This includes oversight of housing performance, compliance with regulatory requirements and consideration of relevant inspection findings, service reviews and complaints data. Housing-related assurance is further supported through Member scrutiny and the review of Ombudsman findings relating to housing, providing an important source of assurance regarding the effectiveness of governance, risk management and service delivery in this key area.

Housing services were subject to inspection by the Regulator of Social Housing during 2024/25, with the regulatory judgement (published February 2025) identifying areas of non-compliance with the consumer standards and issuing a consumer grading of C3, indicating that significant improvement is required. The findings of this inspection have informed the Council's ongoing improvement activity during 2025/26, including the implementation of a Housing Improvement and Transformation Plan and enhanced governance arrangements to support delivery.

Independent inspection activity provides assurance over the effectiveness of key services and the delivery of outcomes for residents. During 2025/26, Children's Services were subject to a full Ofsted inspection (March 2026), resulting in an "Outstanding" judgement in all areas. Adult Social Care was also assessed under the Care Quality Commission's local authority assurance framework (published September 2025), which concluded with an overall rating of "Good"

The Council's corporate complaints processes, together with engagement with the Ombudsman, provide an additional source of assurance and insight into service performance

and areas for improvement. Complaints information is routinely monitored and reported, enabling trends to be identified and lessons learned to inform service improvement. Arrangements for handling Freedom of Information requests, subject access requests and data protection matters also contribute to the Council's assurance framework by supporting transparency, accountability and compliance with statutory requirements.

Taken together, these internal and external sources of assurance provide a comprehensive and balanced view of the Council's governance arrangements. The Council uses these sources collectively to triangulate evidence across governance, risk management and service performance, enabling an informed and robust assessment of effectiveness.

**Review of Effectiveness**

Wandsworth has 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 Council's sources of assurance, which include internal audit activity, risk and performance management, assurances provided by senior officers, and a range of independent external assurance sources.

The review has drawn on these sources collectively, enabling the Council to triangulate evidence across governance, risk management and service performance. This includes consideration of Internal Audit findings and opinion, corporate risk and performance reporting, financial management information, complaints and Ombudsman data, and external assurance from audit, inspection and regulatory bodies.

The Chief Audit Executive has provided an annual opinion that, based on sufficient and appropriate internal audit work undertaken during 2025/26, that the Council's framework of governance, risk management and internal control is operating effectively and provides reasonable assurance on the adequacy and effectiveness of these arrangements. This conclusion is consistent with the detailed opinions provided in relation to governance, risk management and internal control.

The process for reviewing effectiveness is supported by the Council's governance framework, including input from statutory officers and senior management, and oversight through the Audit Committee. This ensures that the review is comprehensive, evidence-based and subject to appropriate challenge.

Particular regard has been given to areas of significant activity and risk during the year, including major service areas such as housing, where additional assurance has been obtained through performance reporting, complaints monitoring, regulatory oversight and Member scrutiny. This targeted approach ensures that the review reflects the Council's risk profile and focuses on areas of greatest significance.

Taken together, the evidence from these sources indicates that the Council's governance arrangements were generally effective during 2025/26 and provided reasonable assurance regarding the adequacy and effectiveness of governance, risk management and internal control.

The review has, however, identified a number of areas where governance arrangements would benefit from further strengthening or continued development. These areas are set out in the improvement plan below and will be monitored during 2026/27 to ensure that appropriate progress is made.

Looking forward, the Council has also considered emerging risks and future challenges, including those relating to financial sustainability, service demand and organisational change.

The governance framework will continue to evolve to ensure that it remains robust and effective in supporting the Council's objectives.

**Evidence from Key Governance Bodies**

The Council's governance arrangements are subject to ongoing review and challenge through its formal governance structures and statutory officer roles, which provide key evidence to support the assessment of effectiveness.

The operation of the Council's governance framework, including Full Council, Cabinet and Overview and Scrutiny Committees, provides the structure within which effective governance is exercised and reviewed. These arrangements ensure that decisions are taken at the appropriate level, are subject to Member oversight and are open to scrutiny and challenge.

The Audit Committee provides independent oversight of the Council's governance, risk management and internal control arrangements. During the year, the Committee has considered a range of reports, including Internal Audit findings and external audit updates, and has maintained oversight of the Council's financial reporting, governance framework and internal control environment. The Committee has also overseen the approval of the Statement of Accounts and provides assurance through its review of audit activity and governance-related matters.

The Council's financial reporting arrangements provide assurance over the stewardship of public funds and the effectiveness of financial governance. The Statement of Accounts is subject to review and approval by the Audit Committee, providing Member oversight of financial reporting arrangements. External Audit provides independent assurance on the financial statements and value for money arrangements, including consideration of governance, risk management and internal control.

Together, these processes provide assurance that the Council's financial management arrangements are robust, that public funds are properly accounted for, and that appropriate governance and oversight is in place.

Internal Audit provides independent assurance on the adequacy and effectiveness of governance, risk management and internal control. Based on Internal Audit activity, the Council's arrangements are considered to be generally sound, with actions agreed to address identified areas for improvement. Progress against these actions is monitored and reported to the Audit Committee.

During 2025/26 the Internal Audit Service transitioned to the Global Internal Audit Standards and continues to demonstrate substantial conformance, with further work planned in 2026/27 to achieve full alignment.

The Executive Director of Finance (Section 151 Officer) and the Monitoring Officer provide statutory assurance over financial management, legality and standards of conduct. These roles form a key element of the Council's governance framework and contribute directly to the overall assessment of governance effectiveness.

**Forward look on governance**

Looking ahead, the Council recognises that its governance arrangements will need to continue to respond to a changing and increasingly complex environment. This includes ongoing financial pressures, workforce and organisational capacity challenges, the delivery of transformation activity, the continued development of the risk management framework,

major programmes and service demands, cyber and information security risks, and changes in the wider legislative and regulatory environment.

Given the scale and significance of housing services within Wandsworth, continued focus will also be placed on governance, performance and compliance in this area, including engagement with relevant regulatory requirements and oversight arrangements.

During 2026/27 the Council will continue to review and strengthen its governance arrangements in response to these risks and challenges, with progress monitored through the Council's governance framework, including Directors' Board, Cabinet, the Audit Committee and Overview and Scrutiny Committees, as appropriate.

**Conclusion**

The Council's assessment of its governance arrangements has been informed by the internal and external sources of assurance set out in this statement. These have been considered collectively, enabling the triangulation of evidence across governance, risk management, internal control and service performance.

Based on this assessment, the Council is satisfied that its governance arrangements were generally effective during 2025/26 and provided reasonable assurance in respect of governance, risk management and internal control. Independent external assurance, including audit, inspection and complaints oversight, provides additional validation of this overall position.

While a number of areas for improvement have been identified, appropriate action plans are in place and subject to ongoing monitoring through the Council's governance arrangements to support continuous improvement.

**Certificate**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee ***(the report providing the detailed assurance can be found at:***

***(UPDATE WHEN SIGNED)***

and action plans to address identified weaknesses and ensure continuous improvement of the governance framework are in place.

The statement is supported by the annual review of governance and the associated action plans, which will be monitored during 2026/27 to secure continuous improvement.

Significant governance issues

(a) Information and Cyber Security

The increasing sophistication and frequency of cyber threats, combined with the Council's growing reliance on digital systems and data-driven service delivery, represents a significant ongoing risk to the continuity of services and the protection of sensitive information.

While the Council has strengthened its arrangements through the introduction of a Cyber Security as a Service model and enhanced specialist capability, cyber resilience remains a key governance priority. Continued embedding of security controls, incident response capability and assurance arrangements will be required to ensure that risks are effectively managed in an evolving threat environment.

(b) Organisational Capacity and Workforce Sustainability

The Council continues to face some targeted workforce challenges in specific service areas, including social care, planning and other technical roles; however, recruitment and retention pressures have reduced more broadly across the organisation and are no longer considered a significant system-wide issue. A key area of ongoing focus is leadership stability, particularly at Chief Executive level, where interim arrangements remain in place and are expected to change during 2026/27, creating a degree of uncertainty at the most senior level.

The more substantive challenge relates to organisational capacity to deliver the Council's transformation ambitions. While the Council has strong capability within its workforce, there is limited capacity to both sustain day-to-day service delivery and redesign services to improve efficiency and reduce costs. This creates a risk to the pace and effectiveness of transformation activity. Actions are in place through organisational development and transformation programmes to strengthen capacity, prioritisation and delivery capability, and this will remain a key focus during 2026/27.

(c) Contract Management and Third-Party Assurance

The Council's increasing reliance on external providers to deliver key services creates a heightened requirement for strong contract management and assurance arrangements.

While a Contract and Supplier Management Framework and supporting systems have been implemented, further work is required to ensure consistent application across the organisation and to strengthen oversight of high-risk and high-value contracts. Effective governance in this area is essential to ensure service quality, value for money and appropriate management of risk.

(d) Major Programmes and Project Governance

The Council is progressing a number of significant programmes and projects, including major capital, regeneration and transformation activity. These programmes carry inherent risks relating to delivery, cost pressures, dependencies, capacity and stakeholder impact.

Ensuring robust governance, effective risk management and clear reporting arrangements for major programmes remains a key priority. This includes maintaining effective oversight at both officer and Member level and ensuring that risks are identified, escalated and managed appropriately throughout the project lifecycle.

(e) Financial Sustainability and Transformation

The Council continues to operate within a challenging financial environment, driven by sustained demand pressures in key service areas, increasing complexity of need, and ongoing cost pressures following recent inflation, which has increased baseline expenditure and the requirement for efficiency savings.

The Council also faces uncertainty in relation to future Government funding. The Government's Fair Funding Review will be implemented from 2026/27, with the full impact of funding redistribution phased in over the period to 2028/29. This represents a fundamental change to the distribution of national resources and is expected to reduce the level of funding available over the medium term.

Demand pressures, particularly in social care, SEND and housing, continue to increase and present a significant challenge to financial sustainability. Internal analysis indicates that demand growth over the Medium-Term Financial Strategy period will need to be actively managed before planned savings can be fully realised.

In response, the Council has established a corporate Transformation Programme to support the delivery of a sustainable financial position through service redesign, demand management and greater use of digital and data-led approaches.

Given the scale of the financial challenge, the effective governance, oversight and delivery of the transformation programme is critical to maintaining financial resilience, including robust financial management and clear monitoring of risks, delivery and benefits realisation.

(f) Risk Management Framework

The Council has identified the need to further strengthen and embed its risk management framework to support consistent identification, assessment and escalation of risks across the organisation.

A strategic review of the Council's risk management arrangements has been completed and has identified a number of improvements to strengthen clarity, consistency and reporting. These include the introduction of a digital risk register, enhanced risk reporting, more frequent review arrangements and stronger escalation protocols.

Implementation of the revised approach is now underway. This includes the development and rollout of a supporting digital solution to improve the capture, monitoring and reporting of risks across services. The implementation and formal approval of the amended Risk Management Strategy and associated arrangements will continue through the Council's governance processes during 2026/27.

(g) Housing Governance and Regulatory Compliance

The Council's housing services were subject to significant external scrutiny during 2025/26. On 26 February 2025, the Regulator of Social Housing published a C3 consumer judgement for Wandsworth, concluding that there were serious failings and that significant improvement is needed, particularly in relation to the Safety and Quality Standard. The regulator also identified weaknesses in stock condition information, tenant engagement and aspects of complaint handling.

The Council's own Housing Annual Report 2024 to 2025 also identified areas requiring improvement, including repairs, complaint handling and informal resident participation. That report explains that the first regulatory inspection took place in the autumn of 2024, that a five-year cycle of stock condition surveys commenced in May 2025, and that repairs service and complaint handling were areas needing improvement. It also records that, during 2024/25, the Housing Ombudsman Service made 25 determinations, there were 49 maladministration findings, and 82% of cases related to complaint handling, repairs, damp and mould, and anti-social behaviour.

Committee papers show that these matters were also treated as live governance issues during the year. The Housing Overview and Scrutiny Committee on 18 June 2025 considered a Regulator of Social Housing Inspection Report Update, an Update on the Council's Approach to Damp and Mould, and the Housing Management Complaints – Annual Report 2024/25.

There is also supporting complaints evidence. In an Ombudsman decision published on 26 February 2025, the Housing Ombudsman Service found service failure in relation to Wandsworth's response to a repair and decant complaint, the handling of repair reports, the condition of the property after works, and the handling of overgrown tree reports. Separately, an independent review dated 22 November 2024, hosted on the Ombudsman site, recorded severe maladministration in a roof disrepair case involving All Saints Co-op,

maladministration in complaint handling, and the need to strengthen repairs reporting, escalation and communications in co-operative housing arrangements.

The C3 consumer judgement and associated Ombudsman findings highlight significant governance, regulatory compliance and service delivery risks within Housing Services. In response, the Council has established a Housing Improvement and Transformation Plan, approved by Cabinet on 26 January 2026, and is strengthening governance through a Housing Improvement and Transformation Board to oversee delivery and monitor progress. The improvement programme includes actions to address regulatory compliance, improve housing data, repairs and complaint handling performance, strengthen resident engagement and provide greater assurance regarding compliance with the Regulator's consumer standards. Housing Governance and Regulatory Compliance will remain a significant governance issue during 2026/27 until the Council can demonstrate sustained improvement and provide assurance that the issues identified by the Regulator have been effectively addressed.

Progress against these significant governance issues will be monitored through the Council's governance framework, including Directors' Board and the Audit Committee.

Signed: ……..……

Cllr Richards-Jones

Leader of the Council

……

Andrew Travers (Interim)

Chief Executive

On behalf of Wandsworth Council

# Glossary

**AAA FITCH RATING**

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

**AA FITCH RATING**

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

**A FITCH RATING**

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

**ACCOUNTING PERIOD**

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

**ACCRUALS**

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

**ACTUARIAL GAINS AND LOSSES**

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

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

**ASSET**

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

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

**AUDIT OF ACCOUNTS**

An independent examination of the authority's financial affairs.

**BALANCE SHEET**

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

**BORROWING**

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

**BUDGET**

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

**CAPITAL EXPENDITURE**

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

**CAPITAL FINANCING**

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

**CAPITAL PROGRAMME**

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

**CAPITAL RECEIPT**

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

**CIPFA**

The Chartered Institute of Public Finance and Accountancy.

**COLLECTION FUND**

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

**COMMUNITY ASSETS**

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

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

**CONSISTENCY**

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

**CONTINGENT ASSET**

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

**CONTINGENT LIABILITY**

A contingent liability is either:

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

**CREDITOR**

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

**CURRENT SERVICE COST (PENSIONS)**

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

**DEBTOR**

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

**DEFINED BENEFIT PENSION SCHEME**

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

**DEPRECIATION**

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

**DISCRETIONARY BENEFITS (PENSIONS)**

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

**EQUITY**

The authority's value of total assets less total liabilities.

**EVENTS AFTER THE BALANCE SHEET DATE**

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

**EXPECTED RETURN ON PENSION ASSETS**

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

**FAIR VALUE**

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

**GOING CONCERN**

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

**GOVERNMENT GRANTS**

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

**HOUSING BENEFIT**

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

**HOUSING REVENUE ACCOUNT (HRA)**

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

**IMPAIRMENT**

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

**INFRASTRUCTURE ASSETS**

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

**INTANGIBLE ASSETS**

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

**INTEREST COST (PENSIONS)**

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

**INVENTORY (STOCK)**

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

**INVESTMENTS (PENSION FUND)**

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

**LEASE LIABILITY**

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

**LIABILITY**

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

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

**LIQUID RESOURCES**

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

- readily convertible to known amounts of cash at or close to the carrying amount; or
- traded in an active market.

**LONG-TERM CONTRACT**

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

**MATERIALITY**

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

**MINIMUM REVENUE PROVISION (MRP)**

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

**NET BOOK VALUE**

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

**NET DEBT**

The authority's borrowings less cash and liquid resources.

**NON-DOMESTIC RATES (NNDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by Government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the authority on behalf of itself, Government and major preceptors.

**NON-OPERATIONAL ASSETS**

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

**OPERATIONAL ASSETS**

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

**PAST SERVICE COST (PENSIONS)**

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

**PENSION SCHEME LIABILITIES**

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

**PRECEPT**

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

**PRIOR YEAR ADJUSTMENT**

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

**PROVISION**

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

**PUBLIC WORKS LOAN BOARD (PWLB)**

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

**RATEABLE VALUE**

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

**RELATED PARTIES**

Related Parties are defined by IAS 24. For the Council's purposes related parties are deemed to include the authority's Members, the Chief Executive, its Directors and their close family and household members.

**RELATED PARTY TRANSACTIONS**

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

**REMUNERATION**

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

**RESERVES**

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

**RESIDUAL VALUE**

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

**RETIREMENT BENEFITS**

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

**REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

**REVENUE EXPENDITURE CAPITALISED UNDER STATUTE**

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

**RIGHT OF USE ASSET**

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

**TRUST FUNDS**

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

**USEFUL ECONOMIC LIFE (UEL)**

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