



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

**DRAFT**  
**STATEMENT OF ACCOUNTS**  
**2025/26**



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# NARRATIVE REPORT

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## Introduction

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

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

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

The Statement of Accounts brings together the major financial statements for the financial year 2025/26. The statements and the notes that accompany them give a full and clear picture of the financial position of Bromsgrove District Council.

The sections are:

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

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

# NARRATIVE REPORT

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## Our District

Bromsgrove District is located in north Worcestershire within the West Midlands, with strong links to Worcestershire, Birmingham, the wider region and national transport networks. The district covers around 84 square miles and is predominantly rural in character, with approximately 89% of its land designated as Green Belt. Bromsgrove Town is the main centre of population, supported by larger settlements including Alvechurch, Aston Fields, Barnt Green, Catshill, Hagley, Rubery and Wythall.

The 2021 Census recorded a resident population of 99,183, with mid-year population estimates indicating that this had increased to 100,076 in 2022. The population is forecast to continue growing, reaching around 117,014 by 2043. Around 61% of residents live in urban areas, although the rural nature of much of the district can create challenges for access to services, transport and community infrastructure.

The district benefits from attractive landscapes, rich biodiversity and geodiversity, including 13 Sites of Special Scientific Interest and 90 local ecological and geological sites. These environmental assets are central to the character of the district and support the Council's focus on safeguarding the natural environment, addressing climate change, improving recycling and reducing waste.

Bromsgrove's population is typically older than the average for England and is less ethnically diverse than the national picture. The district is generally relatively affluent and has levels of deprivation significantly below average, but this can mask localised need.

Housing affordability remains a significant issue. Bromsgrove has one of the highest median house price to disposable household income affordability ratios in the West Midlands. This reinforces the importance of the Council Plan priority to support thriving and inclusive communities where residents can access safe, healthy, affordable and environmentally responsible housing options.

The Council's priorities reflect both the opportunities and challenges of the district. Economic Development, Housing, Environment and Infrastructure provide the framework for improving quality of life, supporting sustainable growth and strengthening local communities. The infrastructure priority underpins the others, recognising that future homes, employment, transport, environmental quality and access to services must be planned together through the Local Plan and wider partnership working.

Elections to Bromsgrove District Council are held once every four years, with the most recent all-out elections taking place in May 2023. The Council operates a Leader and Cabinet model of governance. The Cabinet leads on much of the Council's ordinary business, while full Council retains responsibility for key matters including strategic policy, the budget and Council Tax.

Bromsgrove District Council has a long-established shared services arrangement with Redditch Borough Council, first formed in 2008, through which a single team serves both councils across a range of services. Bromsgrove also hosts Worcestershire Regulatory Services, which provides regulatory services across the county. Partnership working remains central to delivery, including through the Bromsgrove Partnership and District Collaborative, which brings together public, voluntary, community and other partners to improve outcomes for residents.

## Strategic Purpose

The Council Plan 2024-2027 sets out Bromsgrove District Council's vision to create a welcoming environment that prioritises quality of life, where residents and businesses feel a deep sense of belonging and connection. This vision provides the strategic framework for the Council's services, financial planning and partnership activity.

The Plan is built around four priorities: Economic Development, Housing, Environment and Infrastructure. These priorities reflect the needs and opportunities of the district and provide a clear focus for improving

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quality of life, supporting sustainable growth and ensuring that resources are directed towards the outcomes that matter most to residents, businesses and communities.

Economic Development is focused on supporting businesses, creating opportunities for individuals, encouraging investment and strengthening town and district centres. Housing aims to support thriving and inclusive communities where residents can access safe, healthy, affordable and environmentally responsible housing options. The Environment priority reflects the Council's commitment to safeguarding the district's natural assets, responding to climate change, improving recycling and reducing waste.

Infrastructure underpins the other priorities, recognising that future homes, employment, transport, public realm, environmental quality and access to services need to be planned together. The Local Plan remains central to this, providing the framework through which communities can help shape where and how future development and supporting infrastructure will be delivered.

During 2025/26, the Council continued to align service delivery, performance management and financial decision-making to these priorities. The February 2026 Council Plan update highlighted progress across each priority area, including business support, town centre investment, housing and homelessness work, environmental enforcement, waste and recycling changes, biodiversity activity, Local Plan engagement, air quality work and partnership activity to support community wellbeing.

The Council's strategic purpose is also supported by organisational priorities focused on financial stability, sustainability, partnership working and organisational culture. These priorities help ensure that the Council can continue to deliver effective services, respond to changing national and local circumstances, and make the best use of resources in a challenging financial environment.

### National Position

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

Interest rates reduced earlier in the year as inflation moderated, before global geopolitical events and renewed inflationary risks increased volatility in financial markets towards the end of the financial year. This created a dynamic environment for treasury management, borrowing decisions and investment activity. Throughout the year, the Council remained focused on balancing affordability, risk and financial resilience in line with its approved strategies.

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

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

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

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## Local Government Reorganisation (LGR)

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

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

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

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

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

## Financial Performance

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

### Organisational Performance

During 2025/26 the Council continued to focus on strengthening organisational performance, governance and financial management, building on the recovery work initiated in response to earlier audit and financial reporting challenges. This work has been undertaken against a challenging national audit backdrop, with statutory backstop arrangements and sector-wide capacity constraints continuing to affect the local government audit system.

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

External audit reporting for the 2023/24 and 2024/25 financial years highlighted several historic weaknesses in financial reporting arrangements, governance and organisational capacity, particularly linked to the implementation of the Council's financial system, the timeliness of accounts preparation and capacity pressures within the finance function. While these reports relate to prior periods, they have directly informed

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the Council's improvement activity during 2025/26, with a clear emphasis on ensuring that lessons learned are embedded in current practice.

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

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

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

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

### **Governance**

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

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

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

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

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

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

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

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

### Financial Outlook

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

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

### Funding Environment and Assumptions

The MTFP has been developed against a challenging national funding backdrop. While the introduction of a multi-year settlement provides greater short-term certainty, the Council faces a reduction in underlying funding as changes arising from the Fairer Funding Review and grant consolidation are phased in over the period. Transitional funding provides temporary stability but is expected to taper, requiring the Council to plan for a lower baseline of funding in future years.

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

### Managing Pressures and Savings

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

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

### **Reserves and Financial Resilience**

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

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

### **Capital Programme and Long-Term Affordability**

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

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

### **Looking Ahead**

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

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

### **Risks and Opportunities**

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

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

Alongside these risks, the Council continues to identify opportunities to improve outcomes and resilience. These include strengthening financial planning and risk management arrangements, improving the use of data to support decision-making, maximising external funding, delivering service efficiencies, and investing in

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community focused initiatives aligned to the Council Plan. Preparation for Local Government Reorganisation has also created opportunities for greater collaboration, improved baseline information and more consistent approaches to risk, performance and financial management.

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

### Expenditure and Funding Analysis

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

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

### Explanation of the Accounting Statements

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

The Core Statements are:

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

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

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

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

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

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

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The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to Council Tax and business rates collection, and the redistribution of Bromsgrove District Council and the Town & Parish Councils within the Bromsgrove district.

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

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## Statement of Responsibilities

### The Authority's responsibilities

The Authority is required to:

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

### The Chief Finance Officer's responsibilities

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

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## CERTIFICATE

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

..... Date: .....

Deputy Chief Executive / S151 Officer (Chief Finance Officer)

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

..... Date: .....

Chair

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	Notes	2025/26			2024/25		
		£000	£000	£000	£000	£000	£000
		Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		3,045	(1,155)	1,890	2,831	(1,030)	1,801
Community and Housing GF Services		2,944	(1,401)	1,543	2,723	(798)	1,925
Corporate Services		2,097	(402)	1,695	1,636	(371)	1,265
Environmental Services		16,148	(9,774)	6,374	16,441	(9,372)	7,070
Financial and Customer Services		13,392	(9,633)	3,759	13,562	(11,234)	2,328
Legal, Democratic and Property Services		3,403	(2,163)	1,240	3,695	(1,630)	2,066
Planning, Regeneration and Leisure Services		4,393	(2,259)	2,134	4,925	(2,092)	2,833
Regulatory Client		1,063	(352)	711	950	(343)	608
Worcester Regulatory Services		5,739	(5,977)	(238)	5,554	(5,561)	(7)
<b>Cost of Services</b>		<b>52,225</b>	<b>(33,114)</b>	<b>19,108</b>	<b>52,318</b>	<b>(32,430)</b>	<b>19,888</b>
Other Operating Expenditure	B4	1,435	0	1,435	1,302	(4)	1,298
Financing and Investment Income and Expenditure	B5	43	(328)	(285)	130	(339)	(209)
Taxation and Non-Specific Grant Income and Expenditure	B6	11,784	(31,060)	(19,276)	11,051	(32,419)	(21,368)
<b>(Surplus) or Deficit on Provision of Services</b>				<b>983</b>			<b>(391)</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment	D1			1,066			(3,357)
Remeasurement of the net defined benefit liability/(asset)	E1			(1,340)			(419)
<b>Other Comprehensive Income and Expenditure</b>				<b>(274)</b>			<b>(3,776)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>709</b>			<b>(4,167)</b>

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Notes	2025/26			2024/25		
		£000 Expenditure	£000 Income	£000 Net	£000 Expenditure	£000 Income	£000 Net
Business Transformation and Organisational Development		3,045	(1,155)	1,890	2,831	(1,030)	1,801
Community and Housing GF Services		2,944	(1,401)	1,543	2,723	(798)	1,925
Corporate Services		2,097	(402)	1,695	1,636	(371)	1,265
Environmental Services		16,148	(9,774)	6,374	16,441	(9,372)	7,070
Financial and Customer Services		13,392	(9,633)	3,759	13,562	(11,234)	2,328
Legal, Democratic and Property Services		3,403	(2,163)	1,240	3,695	(1,630)	2,066
Planning, Regeneration and Leisure Services		4,393	(2,259)	2,134	4,925	(2,092)	2,833
Regulatory Client		1,063	(352)	711	950	(343)	608
WRS		5,739	(5,977)	(238)	5,554	(5,561)	(7)
Spadesbourne Home		211	(361)	(150)			
<b>Cost of Services</b>		<b>52,435</b>	<b>(33,475)</b>	<b>18,958</b>	<b>52,318</b>	<b>(32,430)</b>	<b>19,888</b>
Other Operating Expenditure	B4	1,435	0	1,435	1,302	(4)	1,298
Financing and Investment Income and Expenditure	B5	43	(328)	(285)	130	(339)	(209)
Taxation and Non-Specific Grant Income and Expenditure	B6	11,784	(31,060)	(19,276)	11,051	(32,419)	(21,368)
<b>(Surplus) or Deficit on Provision of Services</b>				<b>832</b>			<b>(391)</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment	D1			1,066			(3,357)
Remeasurement of the net defined benefit liability/(asset)	E1			(1,340)			(419)
<b>Other Comprehensive Income and Expenditure</b>				<b>(274)</b>			<b>(3,776)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>559</b>			<b>(4,167)</b>

## MOVEMENT IN RESERVES STATEMENT

### Movement in Reserves Statement for the year ended 31 March 2026

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

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	SpaceBourne Ltd Reserves	Authority Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b><u>Movement in reserves during the year</u></b>									
<b>Total Comprehensive Income and Expenditure</b>	(4,167)	0	(4,167)	0	4,167	17,245	13,079	0	13,079
Adjustments between accounting basis & funding basis under regulations	4,278	0	4,278	0	4,278	(4,278)	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>112</b>	<b>0</b>	<b>112</b>	<b>0</b>	<b>112</b>	<b>12,976</b>	<b>13,079</b>	<b>0</b>	<b>13,079</b>
Transfers to or from earmarked reserves	(252)	252	0	0	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>(140)</b>	<b>252</b>	<b>112</b>	<b>0</b>	<b>112</b>	<b>12,967</b>	<b>13,079</b>	<b>0</b>	<b>13,079</b>
<b>Balance as at 31 March 2025</b>	<b>13,381</b>	<b>11,266</b>	<b>24,647</b>	<b>545</b>	<b>25,192</b>	<b>55,095</b>	<b>80,287</b>	<b>392</b>	<b>80,680</b>
<b><u>Movement in reserves during the year</u></b>									
<b>Total Comprehensive Income and Expenditure</b>	709	0	709	0	709	23,282	23,991	(150)	23,840
Adjustments between accounting basis & funding basis under regulations	498	0	498	(243)	255	(255)	0	93	93
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>1,207</b>	<b>0</b>	<b>1,207</b>	<b>(243)</b>	<b>964</b>	<b>23,027</b>	<b>23,991</b>	<b>(57)</b>	<b>23,934</b>
Transfers to or from earmarked reserves	(2,912)	2,912	0	0	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>(1,705)</b>	<b>2,912</b>	<b>1,207</b>	<b>(243)</b>	<b>964</b>	<b>23,027</b>	<b>23,991</b>	<b>-57</b>	<b>23,934</b>
<b>Balance as at 31 March 2026</b>	<b>11,676</b>	<b>14,178</b>	<b>25,854</b>	<b>302</b>	<b>26,156</b>	<b>78,122</b>	<b>104,278</b>	<b>335</b>	<b>104,614</b>

# BALANCE SHEET

## Balance Sheet as at 31 March 2026

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves included reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

	Notes	31st March 2026	31st March 2025
		£000	£000
Property, Plant & Equipment	D1	69,703	70,499
Intangible Assets	D2	0	146
Long Term Debtors	D3	328	328
<b>Long Term Assets</b>		<b>70,031</b>	<b>70,972</b>
Short Term Investments	F1	2,000	4,200
Inventories	D7	483	527
Short Term Debtors	D3	8,728	10,103
Cash and Cash Equivalents	F1	6,801	220
<b>Current Assets</b>		<b>18,012</b>	<b>15,050</b>
Short Term Creditors	D4	(10,144)	(9,506)
Other Short Term Liabilities	E2	(15,038)	0
Provisions	D5	(605)	(1,164)
Revenue Grants received in advance		(1,971)	(3,378)
<b>Current Liabilities</b>		<b>(27,758)</b>	<b>(14,048)</b>
Other Long Term Liabilities	E2	44,863	22,610
Capital Grants received in advance		(870)	(14,298)
<b>Long Term Liabilities</b>		<b>43,993</b>	<b>8,312</b>
<b>Net Assets</b>		<b>104,278</b>	<b>80,287</b>
Usable reserves	C3	26,156	25,191
Unusable Reserves	C4	78,122	55,097
<b>Total Reserves</b>		<b>104,278</b>	<b>80,287</b>

# BALANCE SHEET

## Group Balance Sheet as at 31 March 2026

	Notes	31st March 2026 £000	31st March 2025 £000
Property, Plant & Equipment	D1	69,703	70,499
Intangible Assets	D2	0	146
Long Term Debtors	D3	328	328
<b>Long Term Assets</b>		<b>70,031</b>	<b>70,972</b>
Investments	F4	2,000	4,200
Inventories	D8	483	527
Short Term Debtors	D3	8,858	10,103
Cash and Cash Equivalents	F1	7,006	220
<b>Current Assets</b>		<b>18,348</b>	<b>15,050</b>
Short Term Creditors	D4	(10,144)	(9,506)
Short Term Borrowing	E2	(15,038)	0
Provisions	D5	(605)	(1,164)
Revenue Grants received in advance		(1,970)	(3,378)
<b>Current Liabilities</b>		<b>(27,758)</b>	<b>(14,048)</b>
Other Long Term Liabilities	E2	44,863	22,610
Capital Grants received in advance		(870)	(14,298)
<b>Long Term Liabilities</b>		<b>43,993</b>	<b>8,312</b>
<b>Net Assets</b>		<b>104,614</b>	<b>80,287</b>
Usable reserves	C3	26,399	25,191
Unusable Reserves	C4	78,215	55,097
<b>Total Reserves</b>		<b>104,614</b>	<b>80,287</b>

# CASH FLOW STATEMENT

## Cash Flow Statement at 31 March 2026

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

	Notes	2025/26 £000	2024/25 £000
<b>Net surplus or (deficit) on the provision of services</b>		(983)	391
Adjustment to surplus or deficit on the provision of services for non-cash movements	<b>F2</b>	6,496	5,665
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<b>F3</b>	(14,169)	0
<b>Net cash flows from Operating Activities</b>		<b>(8,656)</b>	<b>6,056</b>
<b>Investing Activities</b>	<b>F4</b>	200	(1,977)
<b>Financing Activities</b>	<b>F5</b>	15,038	0
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>6,582</b>	<b>4,078</b>
Cash and cash equivalents at the beginning of the reporting period		<b>220</b>	<b>(3,858)</b>
<b>Cash Balance at End of Period</b>		<b>6,802</b>	<b>220</b>

# CASH FLOW STATEMENT

## Group Cash Flow Statement at 31 March 2026

	Notes	2025/26 £000	2024/25 £000
<b>Net surplus or (deficit) on the provision of services</b>		832	391
Adjustment to surplus or deficit on the provision of services for non-cash movements	<b>F2</b>	4,885	5,665
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<b>F3</b>	(14,169)	0
<b>Net cash flows from Operating Activities</b>		<b>(8,452)</b>	<b>6,056</b>
<b>Investing Activities</b>	<b>F4</b>	200	(1,977)
<b>Financing Activities</b>	<b>F5</b>	15,038	0
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>6,786</b>	<b>4,078</b>
Cash and cash equivalents at the beginning of the reporting period		220	(3,858)
<b>Cash Balance at End of Period</b>		<b>7,006</b>	<b>220</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B1. Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund Balances	2025/26		Strategic Purpose	2024/25		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balances	Adjustments between the Funding and Accounting Basis	
£000	£000	£000		£000	£000	£000
1,598	292	1,890	Business Transformation and Organisational Development	2,112	(312)	1,801
1,077	62	1,139	Community and Housing GF Services	1,987	(62)	1,925
1,132	43	1,175	Corporate Services	1,317	(52)	1,265
3,998	2,303	6,300	Environmental Services	9,505	(2,435)	7,070
3,448	1	3,449	Financial and Customer Services	2,328	0	2,328
1,301	166	1,467	Legal, Democratic and Property Services	2,267	(201)	2,066
1,036	485	1,521	Planning, Regeneration and Leisure Services	3,338	(505)	2,833
710	0	710	Regulatory Client	608	0	608
(566)	317	(250)	Worcester Regulatory Services	431	(438)	(7)
<b>13,733</b>	<b>3,669</b>	<b>17,401</b>	<b>Net Cost of Services</b>	<b>23,893</b>	<b>(4,005)</b>	<b>19,888</b>
(15,438)	(980)	(16,418)	Other Income and Expenditure	(24,005)	3,750	(20,279)
<b>(1,705)</b>	<b>2,689</b>	<b>983</b>	<b>Surplus or Deficit</b>	<b>(112)</b>	<b>(279)</b>	<b>(391)</b>

(13,381)	Opening General Fund Balance	(13,521)
1,705	Less/Plus Surplus or (Deficit) on General Fund Balance in Year	140
(11,676)	Closing General Fund Balance at 31 March	(13,381)

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B2. Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total
	£000	£000	£000	£000
Business Transformation and Organisational Development	141	151	0	292
Community and Housing GF Services	0	62	0	62
Corporate Services	0	43	0	43
Environmental Services	1,577	726	0	2,303
Financial and Customer Services	0	1	0	1
Legal, Democratic and Property Services	51	115	0	166
Planning, Regeneration and Leisure Services	278	207	0	485
Regulatory Client	0	0	0	0
WRS	0	317	0	317
<b>Net Cost of Services</b>	<b>2,048</b>	<b>1,621</b>	<b>0</b>	<b>3,669</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	0	0	(980)	(980)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>2,048</b>	<b>1,621</b>	<b>(980)</b>	<b>2,689</b>

## B3. Expenditure and Income Analysed by Nature

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

Expenditure:	2025/26 £000	2024/25 £000
Employee Benefits Expenses	20,606	20,170
Other Expenditure	29,527	31,312
Depreciation, Amortisation, Impairment	2,317	2,167
Interest Payments	43	131
Precepts and Levies	13,187	12,957

Income:	2025/26 £000	2024/25 £000
Fees, Charges and other service Income	(8,651)	(7,972)
Interest and Investment Income	(328)	(339)
Income for Council tax, non-domestic rates, district rate income	(24,840)	(22,682)
Government grants and Contributions	(22,762)	(28,341)
Internal Recharges	(8,116)	(7,794)

<b>(Surplus) or Deficit on the Provision of Services</b>	<b>983</b>	<b>(391)</b>
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# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Revenue from contracts with Service Recipients

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

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

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

## B4. Other Operating Income and Expenditure

	2025/26 £000	2024/25 £000
Parish council precepts	1,435	1,302
(Gains)/losses on the disposal of non current assets	0	(4)
<b>Total</b>	<b>1,435</b>	<b>1,298</b>

## B5. Financing and Investment Income and Expenditure

	2025/26 £000	2024/25 £000
Net interest on the net defined benefit liability (asset)	43	130
Interest receivable and similar income	(328)	(339)
<b>Total</b>	<b>(285)</b>	<b>(209)</b>

## B6. Taxation and Non-Specific Grant Income and Expenditure

	2025/26 £000	2024/25 £000
<b>Income</b>		
Council Tax Income	(11,261)	(10,814)
Non Domestic Rates Income and Expenditure	(1,643)	(30)
Non-ring-fenced government grants	(6,372)	(10,524)
<b>Total</b>	<b>(19,276)</b>	<b>(21,368)</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B7. Members Allowances

	2025/26 £000	2024/25 £000
Basic Allowances	183	172
Special Allowances	90	94
Expenses Inc. Car Allowances	1	2
<b>Total</b>	<b>274</b>	<b>268</b>

## B8. External Audit Costs

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

	2025/26 £000	2024/25 £000
Housing Benefit Audit	35	31
Fees payable with regard to external audit services carried out by the appointed auditor for the year	168	143
<b>Total</b>	<b>203</b>	<b>174</b>

## B9. Grant Income

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

	2025/26 £000	2024/25 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
RSG	(108)	(101)
New Homes Bonus	(24)	(288)
Section 31	(2,625)	(3,978)
Non ring-fenced Grant	(5,691)	(5,716)
<b>Total</b>	<b>(8,448)</b>	<b>(10,083)</b>

	2025/26 £000	2024/25 £000
<b>Credited to Services</b>		
MHCLG NNDR Cost of Collection	(127)	(126)
MHCLG Homelessness Grants	(431)	(271)
DWP Admin Grant	(147)	146
DWP Housing Benefit Subsidy	(8,367)	(10,621)
<b>Total</b>	<b>(9,072)</b>	<b>(10,872)</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B10. Employees Remuneration

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

		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Redditch £	Revised Total
Officers Remuneration Redditch Borough Council (50% recharged to Bromsgrove District Council):						
Chief Executive	2024/25	179,456	0	179,456	89,728	<b>89,728</b>
	2025/26	175,333	30,011	205,344	102,672	<b>102,672</b>
Executive Director of Leisure Environmental & Community	2024/25	129,630	22,543	152,172	76,086	<b>76,086</b>
	2025/26	136,048	23,264	159,312	79,656	<b>79,656</b>
<b>Total</b>	<b>2024/25</b>	<b>309,085</b>	<b>22,543</b>	<b>331,628</b>	<b>127,771</b>	<b>165,814</b>
	<b>2025/26</b>	<b>311,381</b>	<b>0</b>	<b>364,656</b>	<b>252,980</b>	<b>182,328</b>
Officers Remuneration Bromsgrove District Council (50% recharged to Redditch Borough Council):						
		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Bromsgrove £	Total
Deputy Chief Executive and Director of Resources	2024/25	170,805	0	170,805	85,402	<b>85,402</b>
	2025/26	151,910	13,731	165,641	82,821	<b>82,821</b>
Head Of Legal & Democratic Services	2024/25	105,339	17,703	123,042	61,521	<b>61,521</b>
	2025/26	115,876	19,098	134,974	67,487	<b>67,487</b>
<b>Total</b>	<b>2024/25</b>	<b>276,144</b>	<b>17,703</b>	<b>293,847</b>	<b>146,923</b>	<b>146,923</b>
	<b>2025/26</b>	<b>267,786</b>	<b>32,829</b>	<b>300,615</b>	<b>150,308</b>	<b>150,308</b>

The reduction in value on the Director of Finance and resources post is due to a change in postholder in April 2025 and October 2025.

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

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2025/26	2024/25
£50,001 to £55,000	7	0
£55,001 to £60,000	2	1
£60,001 to £65,000	1	0
£65,001 to £70,000	14	14
£70,001 to £75,000	0	0
£75,001 to £80,000	0	0
£80,001 to £85,000	0	0
£85,001 to £90,000	0	0
£90,001 to £95,000	2	2
£95,001 to £100,000	2	0
£100,001 to £105,000	0	1
£105,001 to £110,000	1	0
£110,001 to £115,000	0	0
£115,001 to £120,000	0	1
£120,001 to £125,000	0	0
£125,001 to £130,000	0	0
£130,001 to £135,000	0	0
£135,001 to £140,000	0	0
£140,001 to £145,000	0	1
<b>Total</b>	<b>29</b>	<b>20</b>

### B11. Termination Benefits

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0-£20,000	0	0	0	0	3	0	36,417	0
£20,001 - £40,000	0	1	0	0	0	0	0	20,347
£40,001 - £60,000	0	0	0	0	0	0	0	0
<b>Total cost included in bandings</b>							<b>36,417</b>	<b>20,347</b>
Recharge to Redditch Borough Council							(18,209)	(10,174)
<b>Cost to Bromsgrove District Council</b>							<b>18,209</b>	<b>10,174</b>
Total cost included in the CIES							<b>18,209</b>	<b>10,174</b>

# NOTES TO THE MOVEMENT IN RESERVES STATEMENT

## C1. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact upon the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. For housing authorities, however, the balance is not available to be applied to funding HRA services.

Usable Reserves			
Balance Sheet as at 31 March 2026	General Fund Balance £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
<b>Adjustments to the Revenue Resources</b>			
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.</b>			
Pension cost (transferred to (or from) the Pensions Reserve)	(39)	0	39
Council tax and NDR (transfers to or from the Collection Fund)	525	0	(525)
Holiday pay (transferred to the Accumulated Absences reserve)	39	0	(39)
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)	(27)	0	27
<b>Total Adjustments to Revenue Resources</b>	<b>498</b>	<b>0</b>	<b>(498)</b>
<b>Adjustments between Revenue and Capital Resources</b>			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>			
Use of the Capital Receipts Reserve to finance capital expenditure	0	(243)	243
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>(243)</b>	<b>243</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Usable Reserves			
Balance Sheet as at 31 March 2025	General	Capital	Movement
	Fund	Receipts	in Usable
	Balance	Reserve	Reserves
	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>			
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.</b>			
Pension cost (transferred to (or from) the Pensions Reserve)	(419)	0	(419)
Council tax and NDR (transfers to or from the Collection Fund)	426	0	(426)
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)	2,085	0	(2,085)
<b>Total Adjustments to Revenue Resources</b>	<b>2,092</b>	<b>0</b>	<b>(2,930)</b>
<b>Adjustments between Revenue and Capital Resources</b>			
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,348)	0	(1,348)
<b>Total Adjustments to Revenue Resources</b>	<b>(1,348)</b>	<b>0</b>	<b>(1,348)</b>
<b>Adjustments to Capital Resources</b>			
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>

### C2. Movements in Earmarked Reserves

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

	Balance as at 31 March 2024	Transfers In	Transfers Out	Balance as at 31 March 2025	Transfers In	Transfers Out	Balance as at 31 March 2026
	£000	2024/25	2024/25	£000	2025/26	2025/26	£000
		£000	£000		£000	£000	
<b>General Fund Earmarked Reserves:</b>							
Artrix Holding Trust	17	12	0	29	10	0	39
Building Control Other	7	0	0	7	0	(7)	0
Building Control Partnerships	82	0	0	82	0	0	82
Community Services - CAB	181	0	0	181	0	(57)	124
Community Services - Climate Change	196	0	0	196	0	0	196
Council Tax Hardship Fund	79	0	0	79	79	0	158
Covid-19 (Collection Fund)	1,604	0	0	1,604	0	(1,604)	0
Covid-19 (General Covid Grant)	766	0	0	766	0	(766)	0
DCLG Homeless Grant	267	0	0	267	0	0	267
Disabled Facilities Grant	30	0	0	30	0	0	30
DWP Grant (Benefits)	128	0	0	128	0	0	128
Economic Growth Development	911	0	0	911	0	0	911
Election Services	85	0	0	85	0	0	85

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

ELF funding	138	0	0	138	0	0	138
Environmental Vehicles	27	0	0	27	0	0	27
EPR Funding Allocation	0	0	0	0	2,577	0	2,577
ERP Systems	116	0	0	116	0	0	116
Finance Contingency	241	89	0	330	0	0	330
Financial Services - Business Rate Retention	3,640	0	0	3,640	0	(2,640)	1,000
Housing Schemes	455	0	0	455	0	(455)	0
Housing Welfare Reform	112	0	0	112	0	0	112
ICT Refresh Reserve	81	0	0	81	0	0	81
Innovation	0	0	0	0	60	0	60
Leisure/Community Safety	115	0	0	115	0	0	115
Local Neighbourhood Partnerships	16	0	0	16	0	0	16
Local Plan Enquiry	487	0	0	487	83	0	570
Localising Council Tax	107	0	0	107	0	0	107
Other	67	14	0	81	0	(81)	0
Pension Reserve	200	0	0	200	0	0	200
Planning & Regeneration	463	136	0	599	0	(64)	535
Regeneration & Property	0	0	0	0	124	0	124
Regulatory Services (Partner Share)	85	1	0	86	4	0	90
Rubery Local Fund	0	0	0	0	100	0	100
Shared Services (Severance Costs)	311	0	0	311	0	(311)	0
Shopmobility Donations	0	0	0	0	1	0	1
Social Prescribing	0	0	0	0	57	0	57
Ukrainian Support	0	0	0	0	785	0	785
Ward Budget Initiative	0	0	0	0	234	(69)	165
<b><u>New Reserves - MTFP 2026</u></b>							
Risk and Resilience Reserve	0	0	0	0	2,500	0	2,500
LGR Reserve	0	0	0	0	1,000	0	1,000
Community Investment Fund	0	0	0	0	1,250	0	1,250
Particulate Monitoring	0	0	0	0	102	0	102
<b>Total General Fund</b>	<b>11,014</b>	<b>252</b>	<b>0</b>	<b>11,266</b>	<b>8,966</b>	<b>(6,054)</b>	<b>14,178</b>

### C3. Usable Reserves

	31/03/2026	31/03/2025
	£000	£000
Capital Receipts Reserve	302	545
General Fund Balances	11,676	13,381
Earmarked Reserves	14,178	11,266
<b>Total Usable Reserves</b>	<b>26,156</b>	<b>25,192</b>

#### Capital Receipts Reserve

These are receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	31/03/2026 £000	31/03/2025 £000
<b>Balance 1 April</b>	<b>545</b>	<b>545</b>
Capital Receipts in year	0	0
<b>Sub-Total</b>	<b>545</b>	<b>545</b>
<b>Less:</b>		
Capital Receipts used for financing	(243)	0
<b>Balance 31 March</b>	<b>302</b>	<b>545</b>

Since 1 April 2016, Local Authorities have had more flexibility in the use of capital receipts. There is greater scope to use the capital receipts to fund upfront costs that will generate ongoing savings and/or transform service delivery. All of the £0.545m is available to be used either for financing capital investments or funding projects qualifying for the flexible use.

### C4. Unusable Reserves

	31/03/2026 £000	31/03/2025 £000
Revaluation Reserve	28,740	24,236
Capital Adjustment Account	3,472	7,949
Pensions Reserve	44,863	22,610
Collection Fund Adjustment Account	1,274	488
Accumulated Absences Account	(227)	(188)
<b>Total Unusable Reserves</b>	<b>78,122</b>	<b>55,095</b>

#### Revaluation Reserve

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

The balance is reduced when assets with accumulated gains are:

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

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

	31/03/2026 £000	31/03/2025 £000
<b>Balance at 1 April</b>	<b>24,236</b>	<b>24,776</b>
Upward revaluation of assets	4,502	(540)
<b>Balance at 31 March</b>	<b>28,738</b>	<b>24,236</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Capital Adjustment Account

	31/03/2026	31/03/2025
	£000	£000
<b>Balance at 1 April</b>	<b>7,949</b>	<b>7,994</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	(2,317)	(2,085)
Revaluation gains/losses on Property, Plant and Equipment	44	2,123
Amortisation of Intangible Assets	(190)	(83)
	<b>(2,463)</b>	<b>(45)</b>
Adjusting amounts written out of the Revaluation Reserve	(2,014)	0
<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>(4,477)</b>	<b>(45)</b>
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0
	<b>0</b>	<b>0</b>
<b>Balance at 31 March</b>	<b>3,472</b>	<b>7,949</b>

### Pensions Reserve

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

	31/03/2026	31/03/2025
	£000	£000
<b>Balance at 1 April</b>	<b>22,610</b>	<b>9,486</b>
Remeasurements of the net defined benefit liability/(asset)	21,117	11,217
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	(1,340)	(419)
Employers' pensions contributions and direct payments to pensioners payable in the year	2,476	2,326
<b>Balance at 31 March</b>	<b>44,863</b>	<b>22,610</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31/03/2026 £000	31/03/2025 £000
<b>Balance at 1 April</b>	<b>488</b>	<b>62</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	786	426
<b>Balance at 31 March</b>	<b>1,274</b>	<b>488</b>

### Accumulated Absences Account

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

	31/03/2026 £000	31/03/2025 £000
<b>Balance at 1 April</b>	<b>(188)</b>	<b>(188)</b>
Settlement or cancellation of accrual made at the end of the preceding year	(39)	188
Amounts accrued at the end of the current year	0	(188)
<b>Balance at 31 March</b>	<b>(227)</b>	<b>(188)</b>

## NOTES TO THE BALANCE SHEET

### D1. Property, Plant and Equipment Current Year

	Operational Land	Operational Building	Vehicles, Plant and Equipment	Infrastructure	Community assets	Assets under construction	Surplus Asset	Total PP&E
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
<b>Balance as at 1 April 2025</b>	<b>6,925</b>	<b>49,649</b>	<b>20,583</b>	<b>1,794</b>	<b>1,888</b>	<b>6,545</b>	<b>2,963</b>	<b>90,347</b>
Adjustments re prior years	10,138	(10,137)	(116)		0	115		0
<b>Adjusted opening balance</b>	<b>17,063</b>	<b>39,512</b>	<b>20,467</b>	<b>1,794</b>	<b>1,888</b>	<b>6,660</b>	<b>2,963</b>	<b>90,347</b>
Additions	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	1,323	0	0	0	0	0	0	1,323
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	1,066	0	0	0	0	0	1,066
Other movements	0	0	0	0	0	(48)	0	(48)
<b>Balance as at 31 March 2026</b>	<b>18,387</b>	<b>40,578</b>	<b>20,467</b>	<b>1,794</b>	<b>1,888</b>	<b>6,612</b>	<b>2,963</b>	<b>92,688</b>
<b>Depreciation and Impairment</b>								
<b>Balance as at 1 April 2025</b>	<b>0</b>	<b>(3,035)</b>	<b>(15,937)</b>	<b>(876)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,848)</b>
Adjustments re prior years			4					4
<b>Adjusted opening balance</b>	<b>0</b>	<b>(3,035)</b>	<b>(15,933)</b>	<b>(876)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,844)</b>
Depreciation Charge	0	0	(765)	(75)	0	0	0	(841)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	(2,300)	0	0	0	0	0	(2,300)
<b>Balance as at 31 March 2026</b>	<b>0</b>	<b>(5,335)</b>	<b>(16,698)</b>	<b>(951)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(22,985)</b>
<b>Net Book Value</b>								
<b>Balance as at 31 March 2026</b>	<b>18,387</b>	<b>35,243</b>	<b>3,769</b>	<b>843</b>	<b>1,888</b>	<b>6,612</b>	<b>2,963</b>	<b>69,703</b>
<b>Balance as at 31 March 2025</b>	<b>6,925</b>	<b>46,614</b>	<b>4,646</b>	<b>918</b>	<b>1,888</b>	<b>6,545</b>	<b>2,963</b>	<b>70,499</b>

## NOTES TO THE BALANCE SHEET

### D1. Property, Plant and Equipment Comparative Year

	Operational Land	Operational Building	Vehicles, Plant and Equipment	Infrastructure	Community assets	Assets under construction	Surplus Asset	Total PP&E
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
<b>Balance as at 1 April 2024</b>	<b>6,925</b>	<b>45,755</b>	<b>12,446</b>	<b>1,069</b>	<b>1,638</b>	<b>7,790</b>	<b>2,501</b>	<b>78,124</b>
Adjustments re prior years	0	999	7,606	723	250	(2,689)	0	6,889
<b>Adjusted opening balance</b>	<b>6,925</b>	<b>46,754</b>	<b>20,052</b>	<b>1,792</b>	<b>1,888</b>	<b>5,101</b>	<b>2,501</b>	<b>85,013</b>
Additions	0	0	531	2	0	1,444	0	1,977
Revaluation increases/decreases to Revaluation Reserve	0	3,357	0	0	0	0	0	3,357
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Other movements	0	(462)	0	0	0	0	462	0
<b>Balance as at 31 March 2025</b>	<b>6,925</b>	<b>49,649</b>	<b>20,583</b>	<b>1,794</b>	<b>1,888</b>	<b>6,545</b>	<b>2,963</b>	<b>90,347</b>
<b>Depreciation and Impairment</b>								
<b>Balance as at 1 April 2024</b>	<b>0</b>	<b>(1,741)</b>	<b>(6,542)</b>	<b>(353)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,636)</b>
Adjustments re prior years	0	(72)	(8,611)	(444)	0	0	0	(9,127)
<b>Adjusted opening balance</b>	<b>0</b>	<b>(1,813)</b>	<b>(15,153)</b>	<b>(797)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,763)</b>
Depreciation Charge	0	(1,222)	(784)	(79)	0	0	0	(2,085)
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0
<b>Balance as at 31 March 2025</b>	<b>0</b>	<b>(3,035)</b>	<b>(15,937)</b>	<b>(876)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,848)</b>
<b>Net Book Value</b>								
<b>Balance as at 31 March 2025</b>	<b>6,925</b>	<b>46,614</b>	<b>4,646</b>	<b>918</b>	<b>1,888</b>	<b>6,545</b>	<b>2,963</b>	<b>70,499</b>
<b>Balance as at 31 March 2024</b>	<b>6,925</b>	<b>44,014</b>	<b>5,904</b>	<b>716</b>	<b>1,638</b>	<b>7,790</b>	<b>2,501</b>	<b>69,488</b>

## NOTES TO THE BALANCE SHEET

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### Depreciation

All assets have been depreciated using a reducing balance method.

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

### Valuation of Property, Plant and Equipment

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

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

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

### Transfers between levels of the Fair Value Hierarchy

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

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

The fair value for the assets has been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the Local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Highest and best use of surplus assets

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

### Valuation Techniques

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

### Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured at £2.963m. Valuations have been conducted by Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## NOTES TO THE BALANCE SHEET

### D2. INTANGIBLE ASSETS

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.146m (£0.083m in 2024/25) charged to revenue in the current year was charged to revenue cost centres who use the software which was mainly Revenues and Benefits, Cashiers and the IT service.

All software is assigned a useful life of seven years.

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

	£000
<b>Cost or Valuation</b>	
<b>Balance as at 1 April 2025</b>	<b>4,192</b>
Additions	0
<b>Balance as at 31 March 2026</b>	<b>4,192</b>
<b>Depreciation and Impairment</b>	
<b>Balance as at 1 April 2025</b>	<b>(4,046)</b>
Depreciation Charge	(146)
Depreciation written out on Revaluation Reserve	0
<b>Balance as at 31 March 2026</b>	<b>(4,192)</b>
<b>Net Book Value</b>	
<b>Balance as at 31 March 2026</b>	<b>0</b>
<b>Balance as at 31 March 2025</b>	<b>146</b>

### D3. Debtors

	Long term debtors		Short term debtors	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Central Government Bodies	0	0	1,910	2,966
Other Local Authorities	0	0	1,828	2,613
Other entities and individuals	328	328	7,050	5,418
Less bad debt provision	0	0	(2,060)	(894)
<b>Total</b>	<b>328</b>	<b>328</b>	<b>8,728</b>	<b>10,103</b>

## NOTES TO THE BALANCE SHEET

### D4. Creditors

	Short term creditors	
	2025/26 £000	2024/25 £000
Other local authorities	(2,862)	(2,210)
Other Entities and Individuals	(7,282)	(7,296)
<b>Total</b>	<b>(10,144)</b>	<b>(9,506)</b>

### D5. Provisions

#### 2025/26

	Balance as at 1 April 2025 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2026 £000
Business Rates Appeals	(975)	(863)	1,461	(377)
Employee Benefits	(189)	(39)	0	(228)
<b>Total</b>	<b>(1,164)</b>	<b>(902)</b>	<b>1,461</b>	<b>(605)</b>

#### 2024/25

	Balance as at 1 April 2024 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2025 £000
Business Rates Appeals	(1,000)	(399)	424	(975)
Employee Benefits	(189)	0	0	(189)
<b>Total</b>	<b>(1,189)</b>	<b>(399)</b>	<b>424</b>	<b>(1,164)</b>

#### Business Rates Appeals Provision

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

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

## NOTES TO THE BALANCE SHEET

### D6. Capital Expenditure and Financing

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

<b>Capital Expenditure and Capital Financing</b>	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Opening Capital Financing Requirement	<b>31,257</b>	<b>38,671</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	6,731	1,977
Intangible Assets	0	132
<b>Total</b>	<b>6,731</b>	<b>2,109</b>
<b>Sources of finance</b>		
Capital receipts	(243)	0
Government grants and other contributions	0	(8,523)
Other Contributions	(4,616)	0
<b>Sums set aside from revenue:</b>		
General Fund	(919)	0
Minimum Revenue Provision (MRP)	0	(1,000)
	<b>(5,778)</b>	<b>(9,523)</b>
Closing Capital Finance Requirement	<b>32,210</b>	<b>31,257</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing (unsupported by government financial assistance)	953	(7,414)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>953</b>	<b>(7,414)</b>

### D7. Assets Held for Sale

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

### D8. Inventories

Details of the Authority's inventory as at 31 March 2026 and 2025 are as follows:

	<b>Consumable Stores</b>	
	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
<b>Balance outstanding at start of year</b>	<b>527</b>	<b>537</b>
Purchases	229	131
Recognised as an expense in year	(273)	(141)
<b>Balance outstanding at year end</b>	<b>483</b>	<b>527</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### E1. Defined Benefit Pension Scheme

#### Retirement Benefits

##### Participation in the Local Authority Pension Scheme

##### Discretionary post-retirement Benefits

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

#### Transactions relating to post-employment Benefits.

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

		Local Government Pension Scheme		Discretionary Benefits	
		2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
<b>Comprehensive Income and Expenditure Statement</b>					
<i>Cost of services:</i>					
<i>Service cost comprising:</i>					
	Current service cost	1,621	1,999	0	0
	Past service cost	0	103	0	0
	(Gain)/loss from settlements		0	0	0
<b>Financing and Investment Income and Expenditure:</b>					
	Net Interest expense	1,340	419	0	0
<b>Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services</b>		<b>2,961</b>	<b>2,521</b>	<b>0</b>	<b>0</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement					
<u>Remeasurement of the net defined benefit liability comprising:</u>					
	Return on plan assets (excluding the amount included in the net interest expense)	9,801	(3,285)	0	0
	Actuarial gains and losses arising on changes in demographic assumptions	874	(174)	0	0
	Actuarial gains and losses arising on changes in financial assumptions	(2,045)	(15,025)	0	0
	Actuarial gains and losses arising on changes in Experience	1,681	(899)	0	0
<b>Total post employment benefits charged to the Comprehensive Income and Expenditure Statement</b>		<b>13,272</b>	<b>4,722</b>	<b>0</b>	<b>0</b>

Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code		(39)	(481)	0	0
<b>Actual amount charged against the general fund balance for pensions in the year:</b>					
Employers' contributions payable to scheme		2,382	2,326	0	0
Retirement benefits payable to pensioners		(3,525)	(4,001)	0	0

### Pension Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Present value of the defined obligation	(92,626)	(86,635)	(1,133)	(1,145)
Asset ceiling	(28,823)	0	0	0
Fair value of plan assets	121,449	108,500	0	0
<b>Net liability arising from the defined benefit obligation</b>	<b>28,823</b>	<b>21,865</b>	<b>(1,133)</b>	<b>(1,145)</b>

The present value of the defined obligations includes as an estimated cost following the decision of the Sargeant/McCloud cases (generally referred to as McCloud), which rules that the transitional protections offered to older members of the Public Service Pension Schemes were amended, constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes including the Local Government Pension Scheme.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

However, whilst it is highly unlikely that the exact form of the remedy will be known in the immediate future, and therefore any cost at this stage can only be an estimate.

		Local Government Pension Scheme		Discretionary Benefits	
		2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Opening fair value of scheme assets		108,500	107,497	0	0
Interest income		6,285	5,188	0	0
Remeasurement gain/(loss):					
	the return on plan assets, excluding the amount included in the net interest expense	9,801	(3,285)	0	0
Contributions from employer		2,382	2,326	0	0
Contributions from employees into the scheme		859	775	0	0
Benefits/transfers paid		(3,525)	(4,001)	0	0
Other experiences		(2,853)	0	0	0

		Local Government Pension Scheme		Discretionary Benefits	
		2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Opening fair value of scheme assets		108,500	107,497	0	0
Interest income		6,285	5,188	0	0
Remeasurement gain/(loss):					
	the return on plan assets, excluding the amount included in the net interest expense	9,801	(3,285)	0	0
Contributions from employer		2,382	2,326	0	0
Contributions from employees into the scheme		859	775	0	0
Benefits/transfers paid		(3,525)	(4,001)	0	0
Other experiences		(2,853)	0	0	0
Administration costs		0	0	0	0
<b>Closing value of scheme assets</b>		<b>121,449</b>	<b>108,500</b>	<b>0</b>	<b>0</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Reconciliation of the present value of the scheme liabilities

		Local Government Pension Scheme		Discretionary Benefits	
		2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
<b>Opening balance at 1 April</b>		(86,635)	(97,881)	(1,145)	(1,330)
Current service cost		(1,569)	(1,999)	0	0
Interest cost		(4,990)	(4,778)	0	0
Contributions from scheme participants		(859)	(775)	0	0
Remeasurement (gains) and losses:					
	Experience (gains/losses)	(4,534)	899	0	185
	Financial Assumptions (gains/losses)	2,045	13,695	0	0
	Demographic Assumptions (gains/losses)	(874)	174	0	0
Past service cost		0	(103)	0	0
Losses/(gains) on curtailments where relevant		0	0	0	0
Ceiling Effect	2025	(23,010)	0	0	0
	2026: Increased	(5,813)	0	0	0
Benefits/transfers paid		3,657	4,133	0	0
<b>Balance as at 31 March</b>		<b>(122,582)</b>	<b>(86,635)</b>	<b>(1,145)</b>	<b>(1,145)</b>

### Local government pension scheme assets comprised:

		Fair value of scheme assets	
		31/03/2026 £000	31/03/2025 £000
<b>Cash and cash equivalents</b>		1,896	1,787
<b>Equities:</b>			
	UK quoted	66,116	63,337
	Securities	12,496	11,643
	Private Equity	331	47
<b>Sub-total equity</b>		<b>78,943</b>	<b>75,027</b>
<b>Bonds:</b>			
	Other Corporate	3,863	2,979
	UK Government Fixed	2,629	0
<b>Sub-total bonds</b>		<b>6,492</b>	<b>2,979</b>
<b>Property:</b>			
	UK Property Funds	6,805	5,968
	Overseas REITs	2,971	2,524
<b>Sub-total property</b>		<b>9,777</b>	<b>8,492</b>
<b>Alternatives</b>			
	UK Infrastructure	21,863	18,244
	European Infrastructure	2,473	1,972
	Derivatives	6	0
<b>Sub-total alternative funds</b>		<b>24,341</b>	<b>20,216</b>
<b>Total assets</b>		<b>121,449</b>	<b>108,500</b>

All scheme assets have quoted prices in active markets.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Basis for estimating assets and liabilities.

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

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2025/26	2024/25	2025/26	2024/25
<b>Mortality assumptions:</b>				
<i>Longevity at 65 current pensioners:</i>				
Men	21.9	21.2	21.9	21.2
Women	24.6	23.6	24.6	23.6
<i>Longevity at 65 for future pensioners:</i>				
Men	22.7	22.6	22.7	22.6
Women	26.0	25.4	26.0	25.4
<b>Financial assumptions:</b>				
Rate of increase in salaries	4.50%	4.25%	4.50%	4.25%
Rate of increase in pensions	3.00%	2.75%	3.00%	2.75%
Discount Rate	6.20%	5.80%	6.20%	5.80%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The longevity assumptions, 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.

### Impact on the Authority's cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis.

The scheme takes account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### E2. Financial Instruments

	Current						Non-Current					
	Investments		Debtors		Total		Investments		Debtors		Total	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Financial Assets</b>												
Cash and Cash Equivalents	2,000	4,200	6,801	220	8,801	4,420	0	0	328	328	328	328
Carried at Fair Value	0	0	0	0	0	0	0	0	0	0	0	0
Loans and Receivables	0	0	8,728	10,103	8,728	10,103	0	0	0	0	0	0
<b>Total Financial Assets</b>	<b>2,000</b>	<b>4,200</b>	<b>15,529</b>	<b>10,323</b>	<b>17,529</b>	<b>14,523</b>	<b>0</b>	<b>0</b>	<b>328</b>	<b>328</b>	<b>328</b>	<b>328</b>
Non-Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2,000</b>	<b>4,200</b>	<b>15,529</b>	<b>10,323</b>	<b>17,529</b>	<b>14,523</b>	<b>0</b>	<b>0</b>	<b>328</b>	<b>328</b>	<b>328</b>	<b>328</b>

	Current						Non-Current					
	Borrowing		Creditors		Total		Borrowing		Creditors		Total	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Financial Liabilities</b>												
Carried at Contract amount	(15,038)	0	(10,144)	(9,506)	(25,182)	(9,506)	0	0	0	0	0	0
<b>Total Financial Liabilities</b>	<b>(15,038)</b>	<b>0</b>	<b>(10,144)</b>	<b>(9,506)</b>	<b>(25,182)</b>	<b>(9,506)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Non-Financial Liabilities	0	0	0	0	0	0	0	0	44,863	22,610	44,863	22,610
<b>Total</b>	<b>(15,038)</b>	<b>0</b>	<b>(10,144)</b>	<b>(9,506)</b>	<b>(25,182)</b>	<b>(9,506)</b>	<b>0</b>	<b>0</b>	<b>44,863</b>	<b>22,610</b>	<b>44,863</b>	<b>22,610</b>

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### E3. Nature and extent of risks arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council within the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### Credit Risk

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

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

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

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

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

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

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

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

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

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

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

### Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

### Interest Rate Risk

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

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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus / Deficit on the Provision of Services and affect the General Fund Balance.

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

### Price Risk

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

## E4. Leases

Leases are classified as finance leases, where the terms of the lease transfer all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### The Authority as Lessee – Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the period in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied in writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairments losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council has no finance leases.

### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council has no operating leases.

### The Authority as a Lessor – Finance Leases

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

Lease rentals receivable is apportioned between:

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

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

The Authority has entered into an agreement for a lease of land to operate a car park at Market Place, Bromsgrove which became operational in 2017/18. The future minimum lease payments due under operating leases in future years are set out below:

	2025/26 £000	2024/25 £000
Minimum lease rentals payable:		
No later than 1 year	63	63
Later than 1 year and no later than 5 years	50	113
Later than 5 years	0	0
<b>Total</b>	<b>113</b>	<b>176</b>

### Operating Leases

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

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

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

## E5. Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The statements are prepared on a general principle of a going concern and that the functions and services provided by the Council will continue to operate for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by the International Financial Reporting Standards (IFRS).

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

### Summary of Significant Accounting Policies

#### i) Revenue and Expenditure Recognition

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

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

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

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

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

#### ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are high liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

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

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

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

### iv) Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference for the two.

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

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

#### Accounting for Council Tax and NDR

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

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### vi) Employee Benefits

#### Benefits Payable During Employment

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

#### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the either of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

#### Post Employment Benefits

Employees of the Authority are members of the Local Government Pension Scheme, administered by Worcestershire County Council known as the Worcestershire Pension Fund (WPF). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

#### The Local Government Pension Scheme

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

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

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

The assets of WPF attributable to the Authority are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

### Discretionary Benefits

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

### vii) Events after the Balance Sheet date

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

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

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

### viii) Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as other financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

### ix) Financial Instruments

#### Financial Liabilities

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

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

Financial assets are classified into the following categories:

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

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

#### Financial Assets at Amortised Cost

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

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

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

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

### Impairment

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

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

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

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the net present value of all the contractual cashflows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cashflows that the Council expects to receive, discounted at the original effective interest rate. Any adjustment is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss.

### x) Government Grants and Contributions

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

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

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

### **xi) Heritage Assets**

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

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

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

### **xii) Intangible Assets**

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### xiii) Interests in Companies and Other Entities

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

### xiv) Inventories and Long-Term Contracts

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

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

### xv) Joint Operations

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

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

### xvi) Materiality

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

### xvii) Property, Plant and Equipment

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

#### Recognition

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

#### Measurement

Assets are initially measured at cost, comprising:

- The purchase price.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

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

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

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

Where there is no balance in the Revaluation Reserve an insufficient balance, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against service line(s) in the Comprehensive Income and Expenditure Statement.

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

### Impairment

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

Where impairment losses are identified, they are accounted for by:

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Depreciation

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

Depreciation is calculated on the following bases:

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

### Disposals and Non-Current Assets Held for Sale

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### xviii) Provisions, Contingent Liabilities and Contingent Asset Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

### Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### xix) Reserves

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

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

### xx) Revenue Expenditure Funded from Capital under Statute

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

### xxi) Shared Services

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

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

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

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

### xxii) Value Added Tax (VAT)

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

## E6. Critical Judgements in Applying Accounting Policies

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

There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to prove an indication that the assets of the Authority might be impaired because of a need to close facilities and reduce levels of service provision. The Council holds earmarked General Fund reserves of £14.178m and a General Fund Balance of £11.676m.

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

The Council has determined that a Group Accounting relationship exists with Bromsgrove Arts Development Trust as it has been identified that the Council is able to appoint the majority of the Board responsible for governing this Trust. The Council also has a Group Accounting relationship with Spadesbourne Homes. Where material, the Group position is disclosed on the face of the applicable Core Statements. Further information is disclosed in **Note G1**. All other notes relate to the Council rather than the Group.

The Council has made a 100% provision against the potential cost of business rates appeals arising from the 2010 and 2017 rating list based on indicative information from Analyse Local informed by data from the Valuation Office. In addition, the Council has provided for the cost of the successful appeal to the Supreme Court concluded on 20 May 2020, which ruled that Automated Teller Machines (ATMs) should not be rated separately to the building and the cost of a challenge relating to the business rates of purpose-built General Practice (GP) Surgeries, where there have been reductions in the rateable value from the 2017 rating list. The level of the 2017 rating list provision for appeals has utilised £1.461m in year. Previously the Council held 4.7% of rating income as a potential provision linked to the level of appeals against the 2010 rating list, however, the number of appeals against the 2017 rating list has been low and this level of provision could not be evidenced. Further information on these appeals is provided in **Note D5**.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

The Council has determined that it does not hold any assets solely for income or capital appreciation and therefore, does not hold any investment properties,

### E7. Accounting Standards not yet adopted.

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

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

- **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets) issued in March 2024**

Amendments to FRS102 relating to the accounting for heritage assets were issued in March 2024. These amendments are primarily intended for entities applying FRS 102 where debt or equity instruments are publicly traded.

These amendments are not applicable to local authorities applying the CIPFA Code and therefore are not expected to have any impact on the Council's financial statements.

- **IFRS 9 and IFRS 7 Financial Instruments Disclosures issued in May 2024**

While these amendments are relevant to financial instruments, their application within local government is affected by statutory overrides and transitional arrangements set out in the Code and relevant regulations. In England, this includes the continued impact of legislative provisions relating to pooled investment funds and other financial instrument classifications.

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

- **Annual Improvements to IFRS accounting standards – Volume 11 issued in July 2024**

The IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11 in July 2024. These improvements include minor amendments to a number of the IFRS standards to clarify wording or correct minor inconsistencies.

These amendments are not expected to have a material impact on the Council's financial statements.

- **Contracts Referencing Nature-dependent Electricity**

New requirements have been issued in relation to accounting for contracts referencing nature-dependent electricity (for example, certain renewable energy contracts).

The Council will assess the relevance of these requirements as they are incorporated into the Code. Based on current arrangements, these amendments are not expected to have a material impact on the Council's financial statements.

In addition, the Council notes ongoing developments in relation to the accounting treatment of financial instruments and non-investment assets under the Code, including the continued application of statutory provisions relating to pooled investment funds. The Council will also continue to monitor emerging requirements in relation to sustainability and climate-related financial disclosures. None of these developments are expected to have a material impact on the financial statements at this stage.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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

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

### E9. Related Parties

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

#### Central Government

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

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2025/26 is shown in **Note B7**. The Council maintains a register of Councillors interests that is regularly updated and available online for public inspection.

Many Bromsgrove District Councillors are also County Councillors and / or elected members of the Parish Council. The Council also has member representatives on various outside bodies, including Bromsgrove Arts Centre Trust. Members also represent the Council on the Worcestershire Regulatory Shared Service Joint Committee.

The Council has entered a contract with BDHT for the provision of homelessness services and is also part of the Worcestershire wide choice-based lettings housing allocations service. Bromsgrove paid to Bromsgrove District Housing Trust £0.384m for the homelessness service.

In 2024/25, all members have completed a register of members' disclosable pecuniary interest.

#### Officers

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

#### Entities Controlled or Significantly Influenced by the Authority

As part of the shared services with Redditch Borough Council, Bromsgrove paid £4.677m (2024/25: £4.715m) for Redditch hosted services and received £8.571m (2024/25: £8.106m) for services hosted at Bromsgrove.

The Councils has been involved in shared service arrangements for Economic Development, Land Drainage and Shared Emergency Planning with Wyre Forest District Council. The Council has paid £0.124m to Wyre Forest District Council for services hosted by them.

A shared service arrangement has also been set up between the Council, Redditch Borough and Wyre Forest for the provision of Building Control. Bromsgrove received receipts of £0.188m from Wyre Forest.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

For the provision of Car Park services, the Council paid £0.347m to Wychavon District Council.

Under the Internal Audit Shared Service, the Council paid £0.069m to Worcester City Council.

As host of Worcestershire Regulatory Shared Service, Bromsgrove has received £0.616m from Malvern Hills District Council, £0.680m from Wyre Forest District Council, £1.112m from Wychavon District Council, £0.862m from Worcester City Council and £1.012m from Redditch Borough Council.

As at 31 March 2026, the following amounts were owed to the partners of shared services:

	25-26	24-25
	£000	£000
Worcester City Council	23	101
Redditch Borough Council	31	75
Wychavon District Council	88	118
Wyre Forest District Council	33	81
Malvern Hills District Council	0	64

The following amounts were owed to Bromsgrove for hosting the shared services:

	25-26	24-25
	£000	£000
Worcester City Council	30	6
Redditch Borough Council	25	35
Wychavon District Council	20	32
Wyre Forest District Council	24	9
Malvern Hills District Council	12	17

These balances have been included within the relevant debtor and creditor balances.

From June 2016, Worcestershire County Council withdrew from Worcester Regulatory Services.

### E10. Events after the Balance Sheet date

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority and Central Government. The Councils share of the business rates assets and liabilities in 2025/26 was £1,530,785.

### E11. Contingent Assets

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

There are no contingent assets as at 31 March 2026.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### E12. Contingent Liabilities

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

There are no contingent liabilities as at 31 March 2026.

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### F1. Cash and Cash Equivalents

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

	2025/26 £000	2024/25 £000
Cash and Bank balances	8,801	220
Short Term Investments	0	4,200
<b>Total</b>	<b>8,801</b>	<b>4,420</b>

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

	2025/26 £000	2024/25 £000
Depreciation	841	2,167
Amortisation	0	83
(Increase)/Decrease in Debtors	1,375	(3,807)
Increase/(Decrease) in Creditors	(1,328)	6,260
Increase in Inventories	44	(122)
Movement in pension liability	1,621	14,120
Other items charged to the net surplus or deficit on provision of services	3,943	(13,036)
<b>Total</b>	<b>6,496</b>	<b>5,665</b>

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

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	0	0
Any other items	(14,169)	0
<b>Total</b>	<b>(14,169)</b>	<b>0</b>

### F4. Investing Activities

	2025/26 £000	2024/25 £000
Purchase of PP&E, investment property and intangible assets	0	(1,977)
Other Receipts from Investing Activities	200	0
<b>Net Cash flows from Investing Activities</b>	<b>200</b>	<b>(1,977)</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

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### F5. Financing Activities

	2025/26 £000	2024/25 £000
Cash Receipts from Short and Long Term Borrowing	15,000	37,500
Repayment of Short and Long Term Borrowing	38	(37,500)
<b>Net Cash flows from Financing Activities</b>	<b>15,038</b>	<b>0</b>

## GROUP ACCOUNTS

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### GROUP ACCOUNTS

#### G1. Nature of the relationship between the Council and Bromsgrove Arts Development Trust and Spadesbourne Homes

The Bromsgrove Arts Development Trust was established on 23 April 2003 by Trust Deed. The Trustees have been registered with the Official Custodian of Charities. These include members of Bromsgrove District Council.

The Council appoints the majority of the Members to this Trust with a representation of six of the eight Trustees. As such, this gives them the ability to influence decisions made by this Board. The Council supplies no funding for the Trust, which solely holds the building known as the Artrix. It is not responsible for service provision and any assets or liabilities arising from there. As such, the figures used for consolidation are based on the property valuation which has been conducted by an independent valuation service provided by Bruton Knowles.

The Arts Development Trust asset shown in the Group Balance Sheet (PPE) is the Artrix. This is used in the provision of Arts and Culture for the Community and is not the property of Bromsgrove District Council. It should be noted that although consolidation is being undertaken for this asset, not only does the Council not own it, in the event of a possible sale, the Council has no right to a share of the proceeds, nor can the Council determine whether sale of this property should be undertaken.

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

The annual income is below the level for which group accounts are required to be produced.

Spadesbourne Homes Ltd is a wholly owned subsidiary of Bromsgrove District Council, formally established in July 2023. The company was created to support the council's strategic housing objectives, particularly in relation to the development and long-term management of housing assets on the former council offices site at Burcot Lane.

The primary function of Spadesbourne Homes Ltd is to own and manage private rented housing. This initiative enables the council to retain control over the quality, tenure mix, and affordability of housing within the district. The company plays a complementary role to other housing providers, such as Bromsgrove District Housing Trust (BDHT), by focusing on the private rental sector while BDHT delivers social and shared ownership housing.

Spadesbourne Homes Ltd operates as a limited company and is governed by a board of three directors. These directors are responsible for the strategic and operational management of the company. In addition, the council has established a Shareholders Committee, composed of elected Cabinet members, to represent its interests as the sole shareholder. This committee provides oversight, approves the company's business plan, and monitors performance. The company does not have trustees, as it is not a charitable organization.

## GROUP ACCOUNTS

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The company leases properties from the council and contracts out tenancy management to local service providers. Rental income is used to cover operational costs and lease payments, with any surplus reinvested into local services. This model ensures that the financial benefits of housing development are retained within the community.

Spadesbourne Homes Ltd enables Bromsgrove District Council to maintain long-term stewardship of housing assets, promote sustainable development, and deliver high-quality, energy-efficient homes. The homes managed by the company are built to modern environmental standards, including features such as solar panels and air source heat pumps, aligning with the council's environmental and social goals.

# COLLECTION FUND

## COLLECTION FUND

### H1. The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligations for billing Authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government of council tax and non-domestic rates.

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

2024/25			Collection Fund	2025/26		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
			<b>INCOME</b>			
	(84,458)	(84,458)	Council Tax Receivable		(88,683)	(88,683)
(28,629)		(28,629)	Business Rates Receivable	(33,074)		(33,074)
	0	0			(12)	(12)
<b>(28,629)</b>	<b>(84,458)</b>	<b>(113,087)</b>	<b>Total amounts to be credited</b>	<b>(33,074)</b>	<b>(88,683)</b>	<b>(121,757)</b>
			<b>EXPENDITURE</b>			
			<b>Apportionment of Previous Year Surplus/Deficit</b>			
(291)		(291)	Central Government	663		663
(233)	52	(181)	Bromsgrove District Council	531	77	607
(52)	278	226	Worcestershire County Council	119	417	537
(6)	18	12	Hereford and Worcestershire Fire and Rescue	13	26	40
	50	50	Police and Crime Commissioner for West Mercia		75	75
			<b>Precepts, demands and shares</b>			
14,041		14,041	Central Government	15,011		15,011
11,233	10,723	21,956	Bromsgrove District Council	12,009	11,251	23,260
2,527	58,475	61,002	Worcestershire County Council	2,702	61,978	64,680
281	3,694	3,975	Hereford and Worcestershire Fire and Rescue	300	3,921	4,221
	10,544	10,544	Police and Crime Commissioner for West Mercia		11,182	11,182
			<b>Business Rate Supplement:</b>			
			<b>Charges to Collection Fund</b>			
7	0	7	Disregarded Amounts	0		0
(21)	0	(21)	Write-offs of uncollectable amounts	(24)	0	(24)
119	326	445	Increase allowance for impairment	283		563
438		438	Increase/(decrease) in allowance for appeals*	(496)	280	(496)
12		12	Interest	44		44
(1,249)		(1,249)	Transitional Protection Payments Payable	(346)		(346)
126	-11	115	Payment to General Fund for allowable collection costs for non-domestic rates and disregarded	127		127
<b>26,932</b>	<b>84,149</b>	<b>111,081</b>	<b>Total amounts to be debited</b>	<b>30,937</b>	<b>89,207</b>	<b>120,144</b>
<b>(1,697)</b>	<b>(309)</b>	<b>(2,006)</b>	<b>(Surplus) /deficit arising during the year</b>	<b>(2,137)</b>	<b>525</b>	<b>(1,612)</b>
603	(60)	543	(Surplus)/deficit b/f at 1 April	(1,094)	(369)	(1,463)

# COLLECTION FUND

## H2. Council Tax Income

The amount of Council tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council tax payable for each band is established as follows (the actual amount payable for each property is also subject to discounts where applicable):

2025/26

Band		Valuation band limits		Calculated number of dwellings	Adjusted number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
		£	£					
				4	2.77	5/9	1.57	143.04
A	Up to & including	40,000		3,202	2,139.36	6/9	1,426.24	171.65
B		40,001	-	52,000	6,597	7/9	4,411.52	200.26
C		52,001	-	68,000	8,460	8/9	7,001.08	228.87
D		68,001	-	88,000	7,380	9/9	7,144.61	257.48
E		88,001	-	120,000	6,752	11/9	8,133.78	314.70
F		120,001	-	160,000	3,666	13/9	5,250.51	371.92
G		160,001	-	320,000	2,786	15/9	4,609.71	429.13
H	More Than			320,001	345	18/9	685.50	514.96

Adjustment 0.99

Council tax base 38,359.94

2024/25

Band		Valuation band limits		Calculated number of dwellings	Adjusted number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
		£	£					
				6	3.27	5/9	1.85	138.89
A	Up to & including	40,000		3,833	2,128.25	6/9	1,418.83	166.67
B		40,001	-	52,000	7,350	7/9	4,340.09	194.44
C		52,001	-	68,000	9,136	8/9	6,883.24	222.22
D		68,001	-	88,000	7,905	9/9	7,067.37	250.00
E		88,001	-	120,000	7,067	11/9	8,059.38	305.56
F		120,001	-	160,000	3,785	13/9	5,181.26	361.11
G		160,001	-	320,000	2,884	15/9	4,577.66	416.67
H	More Than			320,001	347	18/9	673.00	500.00

Adjustment 0.99

Council tax base 37,997.70

## COLLECTION FUND

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

	2025/26	2024/25
	£	£
Bromsgrove District Council	257.48	250.00
Worcestershire County Council	1,615.71	1,538.92
Police and Crime Commissioner for West Mercia	291.50	277.50
Hereford and Worcestershire Fire and Rescue	102.22	97.22
<b>Total Council Tax for non parish areas</b>	<b>2,266.91</b>	<b>2,163.64</b>
Parish Councils (Average)	35.81	32.21
<b>Average Council Tax for the District in parish areas</b>	<b>2,302.72</b>	<b>2,195.85</b>

### H3. Non-Domestic Rates

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

The total rateable value at 31 March 2025 was £80,892,487 (2023/24 £79,358,551).

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

# GLOSSARY

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## GLOSSARY

### AAA FITCH RATING

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

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

### AA FITCH RATING

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

### A FITCH RATING

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

### ACCOUNTING PERIOD

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

### ACCRUALS

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

### ACTUARIAL GAINS AND LOSSES

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

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

### ASSET

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

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

### AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

### BALANCE SHEET

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

### BORROWING

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

### BUDGET

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

### CAPITAL EXPENDITURE

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

# GLOSSARY

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## **CAPITAL FINANCING**

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

## **CAPITAL PROGRAMME**

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

## **CAPITAL RECEIPT**

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

## **CLAW-BACK**

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

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy

## **COLLECTION FUND**

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

## **COMMUNITY ASSETS**

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

## **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

## **CONSISTENCY**

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

## **CONTINGENT ASSET**

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

## **CONTINGENT LIABILITY**

A contingent liability is either:

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

## **CORPORATE AND DEMOCRATIC CORE**

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

## GLOSSARY

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### **CREDITOR**

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

### **CURRENT SERVICE COST (PENSIONS)**

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

### **DEBTOR**

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

### **DEFINED BENEFIT PENSION SCHEME**

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

### **DEPRECIATION**

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

### **DISCRETIONARY BENEFITS (PENSIONS)**

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

### **EQUITY**

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

### **EVENTS AFTER THE BALANCE SHEET DATE**

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

### **EXPECTED RETURN ON PENSION ASSETS**

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

### **FAIR VALUE**

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

### **FINANCE LEASE**

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

### **GOING CONCERN**

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

### **GOVERNMENT GRANTS**

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

### **HOUSING BENEFITS**

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

## GLOSSARY

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### **HOUSING REVENUE ACCOUNT (HRA)**

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

### **IMPAIRMENT**

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

### **INFRASTRUCTURE ASSETS**

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

### **INTANGIBLE ASSETS**

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

### **INTEREST COST (PENSIONS)**

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

### **INVESTMENTS (PENSION FUND)**

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

### **LIABILITY**

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

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

### **LIQUID RESOURCES**

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

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

### **LONG-TERM CONTRACT**

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

### **MATERIALITY**

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

### **MINIMUM REVENUE PROVISION (MRP)**

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

### **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.

# GLOSSARY

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## **NET DEBT**

The Authority's borrowings less cash and liquid resources.

## **NON-DISTRIBUTED COSTS**

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

## **NON-DOMESTIC RATES (NDR)**

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

## **NON-OPERATIONAL ASSETS**

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

## **OPERATING LEASE**

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

## **OPERATIONAL ASSETS**

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

## **PAST SERVICE COST (PENSIONS)**

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

## **PENSION SCHEME LIABILITIES**

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

## **PRECEPT**

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

## **PRIOR YEAR ADJUSTMENT**

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

## **PROVISION**

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

## **PUBLIC WORKS LOAN BOARD (PWLB)**

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

## **RATEABLE VALUE**

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

# GLOSSARY

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## RELATED PARTIES

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

## RELATED PARTY TRANSACTIONS

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

## REMUNERATION

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

## RESERVES

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

## RESIDUAL VALUE

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

## RETIREMENT BENEFITS

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

## REVENUE EXPENDITURE

**The day-to-day expenses of providing services.**

## REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

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

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

## REVENUE SUPPORT GRANT

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

## STOCKS

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

## TEMPORARY BORROWING

Money borrowed for a period of less than one year.

## TRUST FUNDS

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

## USEFUL ECONOMIC LIFE (UEL)

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

## WORCESTERSHIRE PENSION FUND (WPF)

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