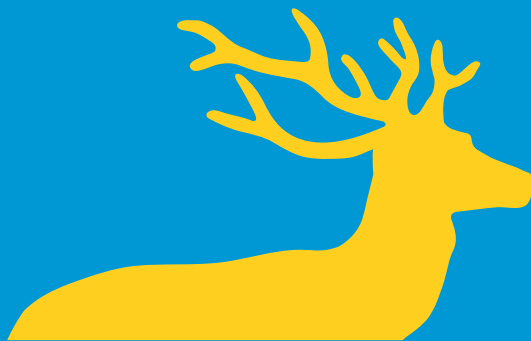


Watford Borough Council

Draft Statement of Accounts 2025/26

30 June 2026



WATFORD
BOROUGH
COUNCIL

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The Council's Responsibilities

The Council is required to:

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

The Chief Financial Officer's Responsibilities

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

In preparing the 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; and
- ◆ complied with the Code of Practice.

The Chief Finance Officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of Watford Borough Council as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Signed

Date:

Signed

Date:

Authorisation of the Statement of Accounts

As the Chief Finance Officer and Section 151 Officer it is my responsibility to ensure that the Council's financial affairs are properly administered. This is essential to ensure that the Council can continue to meet its statutory obligations and to provide high quality services to all the residents and businesses within Watford.

The following Statement of Accounts give an overview of the Council's finances for 2025/26.

The Statement of Accounts are prepared in accordance with the guidance for Local Authorities in the UK. The Statement of Accounts provides information so that members of the public, including electors and residents of Watford, Council Members, partners, stakeholders and other interested parties can have:

- A full and understandable explanation of the overall financial position of the Council.
- Confidence that the Council has been responsible in spending the public money which it has been given and accounted for in an appropriate manner.
- Assurance that the financial position of the Council is sound and secure.

The latest amendment to the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment Regulations) 2024 was laid before parliament in September 2024 and came into force on 30 September 2024. This requires local authorities to publish draft accounts for 2025/26 by 30 June 2026 and commence the public inspection period on or before the first working day of July 2026. The deadline for conclusion of the audit and publication of audited accounts is 31 January 2027.

This statement of accounts was authorised for issue by the Section 151 Officer on 30 June 2026

Signed

Nigel Howcutt

Date: 30 June 2026

1. Council Plan

The Council updated its Council Plan during 2022. The Council Plan, Watford Together – United by possibility, sets out the aspirations for both the council and the town we serve for the period 2022 to 2026. It is forward-looking, high level and outward facing, with an emphasis on outcome focused commitments. The plan demonstrates our role as leader of place and how we will continue to build on our strategic and operational excellence.

Our Council Plan themes are:

- Be bold
- A greener, brighter future
- An inspiring, thriving and creative town
- A diverse, happy and healthy town

The Council Plan 2022-2026 and Delivery Plan 2024-26 can be found at the following link:

[Council strategies and plans](#)

Overview of the 2025/26 budget

During the year, the Council progressed its vision in the delivery of a bold and progressive future for Watford. The revenue budget set to achieve this was agreed in January 2025. The Council is organised into service areas as set out in the following table with each area responsible for delivering elements of the Council Plan:

Service Area	Original Budget £000
Corporate, Housing and Wellbeing	7,926
Place	265
Democracy & Governance	1,711
Corporate Strategy & Comms	1,338
Human Resources	601
Strategic Finance	5,135
Net Cost of Services	16,976
Funding:	
Taxation and non-specific grant income	(17,035)
Contribution to the Economic Impact Reserve	59
Total Funding	(16,976)

During the year, the budget was revised to reflect the impact of the 2025/26 pay award and other cost pressures which emerged in year driven by external factors such as inflation and demand for services. The latest budget is shown in the table on the following page. The increase in expenditure was funded in 2025/26 by one off use of reserves. Where pressures are ongoing, these have been addressed in the budget for 2025/26 onwards through approval of the updated MTFs in January 2025.

The Council also approved a Capital Programme for 2025/26 to 2027/28 of £64.515m.

2. Performance, including year end position for 2025/26

Revenue Year End Position 2025/26

The financial performance is reported to Members based on the organization's service structure. It reflects spend to be met by local taxpayers, grant funding from central government, and other income sources, including operational and commercial rents and fees and charges. These management account figures differ from the Net Cost of Services in the financial accounts, the Comprehensive Income and Expenditure Statement (CIES), because the CIES also includes costs relating to depreciation, revenue spend funded from capital under statute and pension adjustments required under proper accounting practice but are not funded from taxation. The table below shows the year end position against the latest budget that will be reported to Council in July 2026:

Service Area	Latest Budget £'000	Year End £'000	Variance £'000
Corporate, Housing and Wellbeing Place	8,668	9,021	352
Democracy, Strategy & Initiatives	596	992	396
Strategic Finance	3,767	3,866	99
	2,458	2,385	-73
Net Cost of Services	15,490	16,264	774
MRP Saving	1,546	0	(1,546)
Final Year End Revenue Position	17,036	16,264	(772)
Funding:			
Taxation and non-specific grant income	(17,036)	(16,264)	772
Contribution to the General Reserve	-	-	-
Economic Impact Reserve	-	-	-
Total Funding	(17,036)	(16,264)	772

Note – MRP (Marginal Revenue Provision – Saving due to calculation method policy change

Capital Year End Position 2025/26

Capital expenditure is incurred on assets that benefit the community over a number of years.

Key capital projects included:

- Progressing various housing related schemes
- Croxley Park asset
- Investment the Town Hall, Colosseum and the Cultural Quarter;

Capital expenditure for 2025/26 is shown below:-

Service Area	Latest Budget £000	Outturn £000	Variance £000
Corporate, Housing and Wellbeing Place	16,851	10,747	(3,109)
Strategic Finance	26,291	18,511	(7,780)
	1,060	0	(1,060)
Total	44,202	29,258	(14,944)

The Council invested £29.258m in capital works in 2025/26 (£21.602m in 2024/25).

Borrowing Facilities and Capital Borrowing

The Council borrowed from external sources in 2025/26, and the expectation is for this to continue to fund future capital investment requirements.

Performance Monitoring

The Council has a thorough performance monitoring system for Members fully in the public domain and on the Council's website. There are regular quarterly reports to the Overview and Scrutiny Committee for key performance indicators (KPI's). There is also a regular Financial Monitoring Report to the Finance Scrutiny Committee for financial performance monitoring. The year end Performance and Progress Report will be presented to Cabinet in July 2026.

3. Outlook

The Council continues to take a transformational approach to its service and financial challenges and is well placed to continue with this in the short and medium term. Working effectively in partnership continues to bring both significant economic and community benefits. The joint venture at Riverwell, which will take over a decade to realise, has already brought gains through improved infrastructure and new homes, including family housing. Over the next few years further housing will be delivered along with a town square for the neighbourhood.

In January 2026, the Council set a revenue and capital budget for 2026/27 and indicative budgets for 2027/28 and 2028/29. Further detail can be found in the report to [Council](#).

Revenue Budget	Medium Term Financial Strategy		
	2026/27	2027/28	2028/29
	£m	£m	£m
Services			
Corporate, Housing & Wellbeing Place	9.042	8.708	8.731
Corporate Strategy & Comms	2.206	2.344	2.362
Democracy & Governance	1.404	1.423	1.427
Human Resources	1.735	1.739	1.741
Strategic Finance	0.618	0.622	0.624
	3.993	5.374	5.925
Net cost of services	18.998	20.21	20.810
Use of Corporate Reserves			
Contribution from General Fund	0.000	0.000	0.000
Sub-Total	0.000	0.000	0.000
Funding			
Council Tax	-11.010	-11.454	-11.915
Collection Fund (surplus) / deficit	0.000	0.000	0.000
Fair Funding Assessment	-6.763	-7.531	-8.283
Extended Producer Responsibility Funding	-1.225	-1.225	-1.225
Sub-Total	-18.998	-20.210	-21.423
Total Funding & Use of Reserves	-18.998	-20.210	-21.423
Council Tax Rate Calculation			
<i>Council tax base</i>	<i>35,687.70</i>	<i>36,401.50</i>	<i>37,129.50</i>
<i>Council tax charge for band D</i>	<i>£308.51</i>	<i>£314.65</i>	<i>£320.91</i>
<i>Council Tax Requirement</i>	<i>11,010,012</i>	<i>11,453,732</i>	<i>11,915,228</i>
Capital	Budget		
	2026/27	2027/28	2028/29
	£m	£m	£m

Corporate, Housing & Wellbeing	10.137	2.003	0.815
Place	13.164	10.325	2.000
Strategic Finance	0.677	0.677	0.677
Total Capital Investment Programme	23.978	13.005	3.492

4. Future challenges

'Uncertainty' has been a recurring theme for local government and local government finance over the last few years as the sector has responded to emerging financial challenges as a result of COVID-19, high inflation and the impact they have had on the economic environment, our residents, and directly on our own budgets.

The 2026/27 budget addresses inflationary pressures on major contracts that have built up over the previous three financial years. It also includes provision for the rising demand for temporary accommodation. However, sustained demand for this service alongside rising costs due to lack of supply mean that there is a risk that there will be cost pressures arising from this service during 2026/27.

In the Fair Funding Review the Government is consolidating a number of grants into the Fair Funding Assessment, including the temporary accommodation element of the Homelessness Prevention Grant. Whilst the funding for temporary accommodation will be received via a different funding stream, the resources will be made available to support service delivery.

The MTFS has been updated to include the latest information on government multiyear funding for three years commencing 2026/27 as set out in the Provisional Local Government Settlement, published by the Ministry of Housing, Communities and Local Government on 17 December 2025. It also incorporates proposals for investment in services, service efficiencies and income generation and sets aside funding to meet anticipated pay awards over the MTFS period.

Proactive financial stewardship has ensured that we are in a strong financial position to enable us to move forward and react to all of these challenges.

Basis of Preparation and Presentation

The Accounts are presented on an International Financial Reporting Standards (IFRS) basis having been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. References to material and materiality relates to the significance of transactions, balances and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.

Watford Borough Council

Annual Governance Statement 2025/26

SCOPE OF RESPONSIBILITY

1. Watford Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. Watford Borough Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. It is also in accordance with the requirements of the Accounts and Audit (England & Wales) Regulations 2015.
4. This Governance Statement explains how the Council has maintained sound governance during the 2025/26 financial year and also how the Council meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

5. The governance framework has been in place at the Council for the year ended 31 March 2026 and up to the date of approval of the annual report and statement of accounts. It comprises the systems and processes as well as the culture and values, by which the Council is directed and controlled, and through which it accounts to, engages with, and leads the community.
6. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
7. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and, therefore, can only provide reasonable and not absolute assurance of effectiveness.
8. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively, and economically.

THE GOVERNANCE FRAMEWORK

9. The key elements of the systems and processes that comprise the Council's governance arrangements, as per the CIPFA 'Delivering good governance in local government: Framework – Addendum' include the following:

General

10. Watford Borough Council operates an elected Mayor and Cabinet model of governance under the Local Government Act 2000, and this places total responsibility for those functions designated as Executive Functions into the hands of the directly elected Mayor. However full Council is responsible for setting the Council's budget and agreeing the key policy framework. The Council also has established an Overview and Scrutiny Committee, and Finance Scrutiny Committee to scrutinise the actions of the elected Mayor and Cabinet and assist with policy development. In addition, the Council has further committees that cover non-executive functions, these are Licensing, Development Management, Audit, Functions, Standards, Chief Officer Pay Panel, and Chief Officer Appointment and Disciplinary Committee. It also has a number of advisory member groups such as Major Projects Board, Planning Advisory Group, Housing Advisory Group, the Health and Wellbeing Forum, the Sustainability Forum, the Constitution Working Party, Member Development Group and an Independent Members Remuneration Panel.
11. Watford Borough Council has a directly elected Mayor, which means that the registered electorate of the Borough elect that person to lead the council at four yearly intervals. The Mayor is supported by a Cabinet made up of elected councillors that plays a key role in determining the overall budget and policy framework of the Council. Each member of the Cabinet has a portfolio for which they are responsible and can make delegated decisions within their area of responsibility as set out in the Executive Scheme of Delegation, individual officers can also make decisions as set out in both the Executive Scheme of Delegation and the Councils Functions Scheme of Delegation in the Constitution.
12. The Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent, and accountable to the local community. Some of these procedures are required by law, whilst others are adopted by the Council. The Constitution is reviewed annually and is available on the Council's website and intranet.
13. The Council has an approved Local Code of Governance, Code of Conduct for Councillors, and a separate code for Officers, which sets out and describes its commitment to good governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council's work. The Local Code of Governance is available on the Council's website and intranet.
14. The Council acknowledges its responsibility for internal control, and for ensuring that its systems maintain the integrity of accounting records, and the safeguarding of its assets. These systems provide reasonable assurance as to the reliability of financial information and to maintain proper control over the income, expenditure, assets, and liabilities of the Council. However, no system of internal control can provide absolute assurance against material misstatement or loss.
15. The Corporate Management Team is aware of the financial and other procedures and controls outlined in the Constitution, and senior officers are required to sign a declaration of compliance, in the form of a Management Assurance Statement at the end of each year. This evidences, amongst other things, that their staff are aware of and consistently apply the requirements of the Constitution.
16. Elected Members as decision-makers have to fill in a register of disclosable pecuniary and other interest when they are elected and also declare any disclosable pecuniary or non-pecuniary interests as and when they occur.

Strategic Aims and Objectives

17. The governance framework enables the Council to deliver its key objectives as outlined in the Council Plan. Our Council Plan 2022–26 sets out our ambitions and our overarching themes for Watford over those four years – a council working with and for our community and serving our residents, a greener, brighter future, an inspiring, thriving, and creative town, and a diverse, happy and healthy town.

A Council working for our community and serving our residents	A greener brighter future	An Inspiring, thriving, and creative town	A diverse, happy and healthy town
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18. Both the themes and commitments are reflected in a detailed Delivery Plan (2024-26). This Delivery Plan 2022-24 set out how we focused our work to bring the Council Plan to life over the first two years of the council plan, making sure we delivered what we said we would achieve. The delivery plan for 2024-26 explains the focus and priorities that will bring our Council Plan to life, steering our course over the two years, and keeping us on track to deliver on our ambitions. These actions cut across and support the delivery of our themes, linking together to shape a bright future for Watford.
19. The Council is also a partner in the Local Joint Strategic Plan which is made up of key stakeholders such as Hertfordshire County Council, Hertsmere Council, Three Rivers District Council, Dacorum Council and St Albans Council. The Joint Strategic Plan will provide a long-term blueprint for the South West Hertfordshire area to 2050. It will consider and address issues that cross council boundaries and will set out a strategic vision for the area.

Decision Making - preparation is influenced by the Council’s Medium-Term Financial Strategy (MTFS) which forecasts budget pressures and available resources over a four-year period. This MTFS is reported quarterly to Cabinet and Finance Scrutiny Committee where variations to the strategy are approved. The Council has the ultimate responsibility for approving the annual budget. The final accounts at the end of a financial year are subject to formal approval by the Audit Committee (but is also reported to Cabinet and Finance Scrutiny Committee).

Constitution

20. The Council has a written constitution which identifies community focus, service delivery arrangements, structures and processes, risk management, internal control arrangements and standards of conduct. This sets out how the council takes decisions, roles and responsibilities of members and officers, codes of conduct, procedure rules, and also sets out the rights of citizens.
21. The Council's Constitution is available to all on the Council's website.
22. There are regular meetings of the Council, Cabinet and other committees. Council, Cabinet and committee / scrutiny meetings are open to the public and are live streamed, and written reports are available to the public through the council’s website. Information is only treated as confidential when it is necessary to do so for legal / commercial reasons in accordance with the provisions of the Local Government Act 1972.
23. The Council’s key strategic document, the Council Plan has a four-year focus, supported by a two year Delivery Plan. These set out key service improvement priorities for the medium term, with targets for performance and deadlines for achievement. Progress on the Delivery Plan is reported to the public through quarterly reports to Cabinet and Overview and Scrutiny Committee and the Council’s magazine, About Watford.
24. The elected Mayor and councillors are assisted in their policy and decision-making roles by the advice of staff with suitable qualifications and experience, under the leadership of the Chief Executive. All reports requiring a decision from members include comments on financial, legal, equalities,

sustainability, community safety (as relevant), risk and other appropriate issues such as potential risks to non-achievement, all of which ensures that comprehensive advice is provided prior to decisions being taken.

25. The Council also has an Officers' Code of Conduct which includes; Disclosure of Information, Political Neutrality, Potential Conflict of Interest Situations, Bribery, Corruption and Fraud, Appointments and Other Employment Matters, Outside Commitments, Personal Interests, Equality Issues, Information Security, Criminal Offences, Whistleblowing and Breaches of the Code of Conduct.
26. The scrutiny function within a local authority provides a necessary check upon the role of Cabinet and is a key component of corporate governance. At Watford it is co-ordinated through the Overview and Scrutiny Committee, which can review Cabinet decisions and service performance, including those of the Council's outsourced services, it can also set up task groups to look in depth at issues it wishes to scrutinise, and it also scrutinises the Community Safety Partnership. In addition, the Standards Committee considers Member conduct and the Finance Scrutiny Committee considers financial issues. Finally, the Audit Committee reviews the overall governance arrangements, including the service related control and risk management environment. The Audit Committee also considers the response to Freedom of Information requests, the Ombudsman's annual report, risk management, Regulation of Investigatory Powers Act as well as annual accounts and treasury management (investment) policies.
27. The Council's protocols and procedures are reviewed and updated on a regular basis for standing orders, financial regulations, a scheme of delegation and supporting procedure notes/manuals clearly defining how decisions are taken and the process and controls required to manage risks. Compliance with established policies, procedures, laws and regulations, is achieved through a combination of training events, written policy and procedural documentation, authorisation procedures, managerial supervision, review by internal and external audit and use of the disciplinary procedure where appropriate.
28. Codes of Conduct defining the standards of behaviour for members, staff, partners and the community have been developed and communicated. These include:
 - Members Code of Conduct.
 - Code of Conduct for staff.
 - Anti-Fraud and Corruption policy (including Whistleblowing and Anti-bribery).
 - Money Laundering detection guidance.
 - Members and officer protocols.
 - Regular performance appraisals, linked to service and corporate objectives.
 - A Standards Committee which has a key role in promoting and maintaining high standards of conduct for members.
 - Officers are subject to the standards of any professional bodies to which they belong.
29. The Associate Director of Customer & Corporate Services is the Council's Monitoring Officer and duties include: maintaining the Council's Constitution; reporting on any potential or actual illegality or maladministration; and giving advice to the Mayor, councillors and officers on the Constitution or issues of maladministration, financial impropriety or probity.
30. The Chief Finance Officer is also the Section 151 Officer. Duties include overall responsibility for financial administration, reporting on any actual or potential instances of illegality in expenditure, including unlawful loss or deficiency, or illegal items of account, and giving advice to the council on financial planning.

Data Quality, Risk Management and Fraud

31. The need to develop policies and guidance on data quality and assurance is essential in order to promote consistency and awareness across the organisation. To that end, the Council has a senior member of staff who acts as the Senior Information Risk Officer. Guidance documents include a Data Quality Policy, an Information Security Policy, a Data Asset Register and management training modules, all of which are on the intranet.
32. The governance framework is dependent upon the underlying system of internal control which is designed to manage risk to a reasonable level. The Council's approach to risk management is governed by its Risk Management Strategy which is updated annually and approved by the Audit Committee. In 2025/26, the Risk Management Strategy underwent a significant update following feedback engagement from Portfolio Holders and Audit Committee members, including the Independent Member for Audit. The updated Strategy underpins the Corporate Risk Register which is reviewed quarterly at Corporate Management Board and 6-monthly by Audit Committee., in line with the Risk Management Strategy. All services also retain Service Risk Registers which are also reviewed on a quarterly basis by Corporate Management Board with any significant risks reflected in the Corporate Risk Register. Audit Committee provide an additional layer of oversight by reviewing Service Risk Registers on a rolling basis every six months. Corporate Management Board members meet regularly with Portfolio Holders to discuss risks, and associated mitigation, in their service areas.
33. Business continuity and emergency planning are other key aspects within the corporate governance framework.
34. All committee reports contain a 'risk implications' section as an aid to decision taking. There is a continued need to ensure an effective risk identification process occurs where the Council has outsourced the provision of services to a private sector partner.
35. The Council is committed to promoting a strong anti-fraud and corruption culture. The Anti-Fraud and Corruption Strategy approved in 2022 is the mechanism for achieving this commitment and aims to reduce losses to fraud and corruption to a minimum. Beating fraud is everyone's business, and the Council's internal arrangements are communicated throughout the Council, and publicly, demonstrating a culture and commitment to preventing fraud. The Council has a number of robust procedures and policies in place, which combined with executive support ensure that anti-fraud, bribery and corruption measures are embedded throughout the Council. This acts as an effective deterrent to fraudulent and corrupt activity and provides the means for reporting, detecting and preventing fraud, bribery or corruption. Having a holistic approach to tackling fraud is part of good governance.

Shared Services

36. Watford Borough Council has an established shared service arrangement under the lead authority model for Revenues and Benefits, ICT, Finance, Human Resources and procurement with Three Rivers District Council.
37. Watford Borough Council are responsible for providing the services of ICT, Human Resources, and procurement whilst Three Rivers District Council are responsible for providing Finance, and Revenues and Benefits. An Executive Board of senior management from both councils are responsible for these services. The role of the Board covers:
 - Monitoring performance and dealing with complaints from either authority.
 - Resolving conflicts between competing interests amongst the authorities.
 - Reviewing the governance arrangements.
 - Dealing with matters referred up to it by the Operations Board.
 - Having overall supervision of the Shared Service.
 - Receiving annual reports on each service within the shared service.

38. In 2022/23, Watford Borough Council entered into three shared services with St Albans City and District Council. From November 2022, Watford has been the lead authority for Planning Enforcement and Building Control and from February 2023 St Albans DC has the lead authority for Legal Services. These services are overseen by partnership boards made up of senior officers from both councils and the Head of the relevant shared service. These meet quarterly. In October 2025, a shared HR and OD service was launched with St Albans DC. Watford are the lead authority. All shared services with St Albans DC report up to a strategic board made up of the two chief executives of the respective councils, above this is a board comprising the Elected Mayor of Watford and Leader of St Albans who receive reports on the progress of all the shared services. In January 2026, Council approved the appointment of the existing Section 151 Officer at Dacorum Borough Council as the shared Section 151 for Watford and the arrangement formally commenced on 1 February 2026.
39. The Council also shares an internal audit service which is led by the County Council and includes a number of other districts and boroughs in Hertfordshire and is known as the Shared Internal Audit Service, this is governed by a partnership board which the Chief Finance Officer sits on. The Council shares a Resilience Officer with Dacorum Borough Council, whilst Data Protection services are provided by the County Council.

Major Projects and Joint Ventures

40. The Council is committed to Watford's sustainable economic growth and the Council is committed to a number of major projects and joint ventures that will be delivered over the next 10 to 15 years:
- **Town Hall Quarter** - The 10-year Town Hall Quarter programme brings together seven interconnected projects that will all contribute to revitalising the spaces around the Town Hall. A further phase, the completion of the Colosseum, was completed in the financial year, whilst the refurbishment of the Town Hall works also commenced on site. During the financial year, the council entered into a 50:50 joint venture partnership with Mace Development for the regeneration of the broader Town Hall Quarter space.
 - **Watford Riverwell** - Watford Borough Council and, Kier Property, have a Limited Liability Partnership called the Watford Health Campus LLP which has been in existence since 2013 to deliver a masterplan for regenerating land behind the Watford Football Club and Watford General Hospital to make sure it's a place that everyone can enjoy.
 - **Watford Junction** - The station, which currently welcomes 8 million visitors every year, will be brought into the 21st century by Watford Borough Council alongside its partners: Halkin, Network Rail, London North Western Railways and Hertfordshire County Council.
 - **Western Gateway** - The Western Gateway has been identified in the Local Plan as a Special Policy Area where significant new development is being directed.

The Joint Ventures are overseen by Operational Boards and Partnership Boards and are governed by an agreed scheme of delegation, which requires annual business plan approval by Cabinet to ensure overall oversight of the strategic direction. All council companies are further governed by a Shareholder Board, chaired by the Elected Mayor.

Programmes and projects are overseen by the council's Enterprise Programme Management Officer which manages a 6-week reporting regime on progress, risk and issues. Each report is reviewed by the council's Project Assurance Group (EPMO AG) with feedback provided to Project Managers to ensure ongoing compliance with high quality reporting. Key project documentation also undergoes scrutiny by the EPMO AG which comprises of Corporate Management Team members, the council's EPMO Lead as well as other project professionals. An assurance report is provided to Corporate Management Board on a 6-weekly basis whilst project reporting feeds into the quarterly Delivery Plan reporting to CMB, Cabinet and Overview and Scrutiny Committee.

Community Engagement

41. Corporate governance includes informing our community of the plans and aspirations of the council and is primarily communicated through its published Council Plans, quarterly reports to Cabinet and Overview and Scrutiny Committee and the regular editions of 'About Watford'. The directly elected Mayor, Peter Taylor, takes the lead in ensuring there is open and effective community leadership and provides a focal point for individuals, communities, business and voluntary organisations to engage with the Council. The Mayor is also the Chair of the Borough's Local Strategic Partnership, One Watford, which continues to lead on the successful delivery of the overall vision and objectives for the town and on effectively integrating partnership working and delivery.
42. The Council has established twelve neighbourhood forums, which mirror the Borough's ward boundaries, and each has a devolved budget of £3,000. These are organised and managed by the relevant local ward councillors as part of their commitment to community leadership and engagement. It can also be used to support local projects. Expenditure of the Neighbourhood Locality Budget is reported annually to Full Council.
43. The Council has established clear channels of communication with all sections of the community and other stakeholders. It provides citizens and business' with information about the Council and its spending through a leaflet that is distributed with Council Tax and Business Rate bills and the publication of a summary of its key financial information through the Council magazine 'About Watford'.
44. A range of consultation and engagement projects are undertaken annually. This includes a regular 'Community Survey', which covers a range of areas relating to the Council's services and activities, including how it spends its money and prioritises areas for focus and improvement. During 2023/24 the Council approved a Communication and Conversations Strategy for 2023-2026 and a Community Engagement and Participation Strategy 2023-26. Local residents are also invited to attend a range of Forums (such as the Community Forum, Pensioners Forum, People's Panel and Sustainability Forum), which help build understanding across a range of areas including Council finances and the implications for future service delivery.

REVIEW OF EFFECTIVENESS

45. In accordance with recent external audit guidance, a review of the effectiveness of the governance framework has focused upon significant weaknesses and the 'big picture'. If issues were not been highlighted, it is because current governance arrangements have proved fit for purpose.
46. The review of effectiveness is informed by the work of the Corporate Management Team within the Council who have responsibility for the development and maintenance of the governance environment, the council's Governance and Risk (Statutory Officers Group attended by the Head of Paid Service, Monitoring Officer and Section 151 Officer, as well as Head of Audit), the Annual Report of the Head of Assurance for the Shared Internal Audit Service and also by comments made by the external auditors and other review agencies and inspectorates. The Mayor and Portfolio Holders maintain a continuous review of the Council's policies, activities and performance of officers both through regular reviews and on a day to day basis.

External Reviews and Inspections

47. During 2023/24 the Council was the subject of a Corporate Peer Challenge coordinated by the Local Government Association. The review identified a number of strengths in relation to governance including strong leadership, effective partnerships and a good record of financial stewardship.

48. The report made a number of recommendations to further strengthen the Council including regular reporting of the corporate risk register to Cabinet, consideration of the Financial Monitoring Report by Cabinet (in addition to Finance Scrutiny Committee) and, given the longevity of the arrangements, a review of the shared service arrangements with Three Rivers District Council to ensure that they meet current objectives.

49. The [final Peer Challenge Report and the Action Plan](#) are available on the Council's website.

The Council

50. Council comprises 36 Members and an Elected Mayor. The main roles are:

- To set Watford Borough Council's Budget and Policy Framework.
- To receive a report from the Mayor, this gives councillors the ability to question the Mayor.
- To receive questions from the public..
- To receive petitions from the public, which are debated by the Councillors.
- To receive questions from Councillors with their response, these are not debated.
- To receive motions from Councillors, which are then debated.
- To consider any recommendations from Cabinet, Committees or Working Parties.

51. Council met five times during 2025/26 and agendas, reports and minutes are available on the Council's website.

Cabinet

52. Cabinet comprises the Mayor and seven councillors who have their own individual portfolio and makes decisions which are in line with the Council's overall policies and Budget. It is chaired by the Mayor.

53. Each Member of Cabinet has responsibility for a range of Council functions, known as a portfolio and each Portfolio Holder is required to work closely with Corporate Management Team and develop an in-depth knowledge of their portfolio area.

54. The dates of all Cabinet meetings are pre-published and all decisions are taken in public apart from a small number of reports which are considered and determined after the press and public have been lawfully excluded. Agendas, reports and minutes of the meetings are available on the Council's website.

55. Cabinet met eight times during 2025/26.

The Review Committees

56. The Council has two scrutiny committees, Overview and Scrutiny Committee and Finance Scrutiny Committee. Their role is to scrutinise the decisions and performance of Cabinet and the Council as a whole.

57. Overview and Scrutiny Committee comprising nine members in the financial year, is the over-arching scrutiny committee for Watford Borough Council. Its work includes:

- Reviewing called in Executive decisions made by Cabinet, Portfolio Holders and Officers.

- Reviewing the Council's performance measures.
- Monitoring the Executive decisions taken, and the key decisions to be taken, by Cabinet, Portfolio Holders and Officers.
- Monitoring the progress of recommendations from previous scrutiny reviews.
- Setting up Task Groups to review suggested topics for scrutiny.
- Monitoring the progress of Task Groups and agreeing the final reports.
- Setting a rolling scrutiny work programme.

58. The committee met nine times in 2025/26 and provides an annual report to Council on its activity.

59. Finance Scrutiny Committee comprises nine members and its work includes:

- To examine the Medium-Term Financial Plan.
- To examine the budget strategy for the relevant financial year.
- To review the service spending priorities for the relevant financial year.
- To challenge, question and test those strategies and plans.
- To examine the draft proposals for the following financial year's budget.
- To challenge if the proposals match the strategy and priorities.
- To forward comments on the budget proposals to Cabinet in time for the January budget meeting.

60. The Finance Scrutiny Committee met five times in 2025/26.

Standards Committee

61. The Standards Committee is set up as and when required to consider matters of Member conduct. There were no meetings of this committee in 2025/26.

Members Remuneration.

62. Watford Borough Council's Independent Remuneration Panel has been in existence since 2000; originally meeting on an annual basis, which later moved to a quadrennial review from 2013. In 2025 it carried out the latest quadrennial review to take effect from the Municipal year 2026. The report and recommendations of the Independent Remuneration Panel was approved by the Full Council as part of the Budget Council meeting, details of which are available on the Council's website.

Senior Management

63. There are three Council Officers who have statutory appointments - the Chief Executive's role as the Head of Paid Service, the Chief Finance Officer role as the Section 151 Officer and the Associate Director of Customer & Corporate Services as the Monitoring Officer. During 2025/26, Watford's Corporate Management Team comprised; the Chief Executive, Chief Operating Officer Director of Regeneration and Growth Director of Environment Community and Sustainability, Chief Finance Officer/Section 151 Officer, Executive Head of HR and OD, and three Associate Directors including the Monitoring Officer. The Corporate Management Team meets as the Corporate Management Board fortnightly. The Monitoring Officer duties are fulfilled by the Associate Director of Customer and Corporate Services following confirmation of the appointment by Annual Council in May 2024. In exercising their duties, the Monitoring Officer is supported by a legally qualified Deputy Monitoring Officer. The Chief Finance Officer/Section 151 Officer is now fulfilled under a Section 113 shared service agreement since February 2026 with Dacorum Borough Council following the confirmation of appointment by Council on 27th January 2026.

Performance Management

64. Performance management follows a 'cascade' principle. The Council approves a Council Plan with a medium term – four-year focus. The Council plan outlines the Council's high level commitments, linking to themes that have been identified as priority areas for the organisation and the town. The Council Plan is supported by a detailed two-year Delivery Plan, which sets out the activities which will deliver the Council's commitments and by which it can be monitored and progress assessed. The Council Plan and Delivery Plan then cascade down to individual service plans, which in turn translates into team and individual work plans, as well as service Key Performance Indicators. Performance against both the Delivery Plan, KPIs and key strategies are monitored regularly by Cabinet, Overview and Scrutiny Committee and Corporate Management Board, and accompanied by a detailed overview of remedial actions when areas of underperformance are identified. These reports are publicly available and uploaded to the council's website following approval to ensure ongoing transparency of performance..
65. The Council keeps residents and stakeholders informed of its progress through a publication called 'About Watford' which is delivered to every household and covers key issues, events and challenges. This publication is also made available online. It also has a large social media following across Facebook, X, Instagram and LinkedIn platforms which are becoming a significant channel for communicating and engaging with residents.

Procurement

66. The Council aims to use its resources efficiently, effectively and economically.
67. The Council has a robust set of documentation to provide guidance and advice to Members and officers to ensure that Procurement is carried out in an effective and ethical manner. This documentation includes The Procurement Strategy, Contract Procedure Rules and a Contract Management Toolkit. These documents are regularly reviewed to reflect changes in policy and legislation. In February 2025, the council's Contract Procedure Rules were updated to reflect the changes introduced by the Procurement Act 2023.

The Audit Committee

68. The Audit Committee comprises seven members including one independent member and met five times during 2025/26.
69. The Audit Committee's terms of reference are consistent with best practice. The Committee approves the annual plan of internal audit and receives the quarterly and annual reports of the Head of Assurance for the Shared Internal Audit Service. It approves the Statement of Accounts, the Annual Governance Statement and the review of the effectiveness of the internal audit system. It receives reports on risk management and reviews the operation of treasury management. It also received the annual letter from the Local Government and Social Care Ombudsman and considers regular reports on Information Access requests, risk management and the Regulation of Investigatory Powers Act.
70. During 2024/25, and in line with guidance provided by CIPFA and Solace, the Council agreed to the addition of an independent member to the committee. Following a recruitment process, Council approved the appointment of the Independent Member for a four-year term at its meeting on 21 May 2024. The Audit Committee produces an annual report on its activity to Council.

Internal Audit

71. Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment, this comprises the systems of governance, internal control and risk management, by evaluating its effectiveness in achieving the organisation's objectives.

72. The Internal Audit function is carried out by the Shared Internal Audit Service (SIAS), a local internal audit partnership hosted by Hertfordshire County Council. This provides greater independence and resilience and a positive step in improving governance. Internal Audit carry out a programme of reviews during the year which are based upon a risk assessment including fraud risk. The audit plan is approved by Audit Committee in March of the preceding financial year. As part of these audits, any failures to comply with legislation, council policy or best practice guidance issued by a relevant body is identified and reported to senior management and Audit Committee. Circulation of reports to senior officers, reports to the Audit Committee and follow-up procedures ensure action is taken on priority improvements. Progress on implementing internal audit recommendations is reported three times in a year to Audit Committee.
73. In line with Global Internal Audit Standards, an Annual Assurance Statement and Internal Audit Report is compiled and presented to Audit Committee in the first quarter of the year, which:
- Includes an opinion on the overall adequacy and effectiveness of the Council's internal control environment.
 - Discloses any qualifications to that opinion, together with any reasons for the qualification.
 - Draws attention to any issues which are judged particularly relevant to the preparation of the Annual Governance Statement.
74. The SIAS Assurance Annual Report June 2026 is a key source document for the Council's Annual Governance Statement. Based on the internal audit work undertaken at the Council in 2025/26, SIAS provided the following opinion on the adequacy and effectiveness of the Council's control environment-
- Reasonable Assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
 - Corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2025/26.

The Council's External Auditors

75. External auditors provide an external review function through the audit of the annual accounts, assessment of value for money, certification of grant claims and the periodic inspection of services such as Revenues and Benefits. The Annual Audit Letter is circulated to all Members and formally reported to Cabinet and the Audit Committee.
76. In 2022, Council agreed to opt into the national procurement for external audit services for the five year period beginning on 1 April 2023, led by Public Sector Audit Appointments Limited (PSAA). The external auditor confirmed in December 2022 by PSAA for Watford Borough Council from 2024/25 is Azets Audit Services. The financial year 2025/26 is the second year to be audited by Azets Audit Services
77. In September 2024, the newly appointed Minister of State for Local Government and English Devolution wrote to councils setting out the intention to lay secondary legislation to implement backstop proposals. The backstop for all accounts up to and including 2022/23 was proposed as 13 December 2024 with a further five backstop dates as follows:
- 2023/24 – 28 February 2025
 - 2024/25 – 27 February 2026

2025/26 – 31 January 2027
2026/27 – 30 November 2027
2027/28 – 30 November 2028

78. In November 2024, Audit Committee were presented with the Draft Audit Results Report for the 2021/22 and 2022/23 financial years by Ernst & Young LLP. The Draft Audit Results Report detailed the work completed to provide a disclaimed opinion for the 2021/22 and 2022/23 accounts by the statutory backstop date of 13 December 2024. The report also summarised work undertaken to assess the Council's Value for Money (VfM) arrangements across three key criteria: financial sustainability, governance arrangements and use of information to achieve economy, efficiency and effectiveness. EY confirmed that they had identified no risks of significant weaknesses in arrangements for VfM.
79. In February 2025, Audit Committee were presented with the Audit Results Report 2023/24. The final report outlined the work that had been completed on the 2023/24 accounts audit including the Value for Money assessment. Efforts had been made to complete as much work as possible by the backstop date. The auditors noted that there had been strong engagement with the Council, a constructive relationship and timely information. The Committee were informed that feedback had been provided to management based on the completed work; none of the issues raised were significant and there were no concerns regarding accounts preparation or the Council's ability to support the financial statements.
80. In February 2026, Audit Committee were presented with the Audit Completion Report 2024/25. The final report outlined the work that had been completed on the 2024/25 accounts audit including the Value for Money assessment. Key areas had been listed for the 2024/25 audit, but assurance could not be provided due to disclaimed prior year audits and therefore a disclaimed audit opinion was issued for the 2024/25 accounts. The Committee were assured that the work would carry forward into future years to rebuild assurance.

The Financial Management Code of Practice

81. The CIPFA Financial Management Code of Practice (FM Code) was published in November 2019. It sets out the 'gold standard' for financial management arrangements in local government. The FM Code does not have statutory status but brings together best practice and statutory guidance including the Prudential Code for Capital Finance in Local Authorities.
82. Appendix 2 is a self-assessment against the FM Code and includes actions for improvement.

SIGNIFICANT GOVERNANCE ISSUES

83. The 'normal' running of Council business has and can be controlled through the governance framework detailed in this report. For 2025/26 no significant governance issues were identified from the Management Assurance Statements.
84. Although not considered to be a significant governance issue, Cyber Security remains a threat (as it does to all organisations). The Council has a number of mitigations and appropriate governance arrangements in place and the associated risks are managed via the ICT risk register and through reporting to the IT Steering Group forum as part of regular reporting. Cyber Security remains a key risk on the Corporate Risk Register also overseen quarterly by Corporate Management Board and Cabinet.

Certification Statement from the Elected Mayor and the Chief Executive

- 85. We propose to take steps over the coming financial year to address the above matters to further enhance our governance arrangements. We will also monitor the implementation of any audit recommendations that arise during the course of the year.
- 86. It is our opinion that the Council's governance arrangements in 2025/26 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2026/27.

Signed _____

Date __30/06/2026__

Peter Taylor - Mayor

Signed _____

Date__30/06/2026__

Donna Nolan - Chief Executive

WBC Annual Governance Statement 2025/26 Action Plan

No.	Issue	Action	Resolved	Updates
1	Spend on temporary accommodation continues to be high, as is nationally the case.	The ongoing transformation and improvement of the housing service seeks to continue to improve management and performance in this area of work. Arrangements are in place and monitored to continually improve, this includes weekly management information, training plans, and development plans.		

Financial Management Code Compliance Self-Assessment 2025/26

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
1. Responsibilities of the Chief Finance Officer (CFO) and Leadership Team				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM)	Services use peer reviews incorporating benchmarking to inform opportunities to improve VFM. All tenders consider VFM by considering the quality of service and not just price.		GREEN
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of Corporate Management Team and has an influential role with members of the Cabinet, Audit Committee and lead opposition members. Role profiles within the finance team have been refreshed to ensure that the team is suitably resourced and fit for purpose.		GREEN
2. Governance and Financial Management Style				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Governance and Risk Group (formerly Statutory Officer Group) exists to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Annual Assurance Statements by Corporate Management Team.	During 2023/24 a revised terms of reference was agreed to enhance the effectiveness of the group and formally incorporate representation from Internal Audit.	GREEN
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement (AGS) includes internal audit opinion on effectiveness of internal control environment and systems of internal control. The Council updates the Local Code of Governance annually.		GREEN

E	The Financial Management style of the authority supports financial sustainability	At the core of the Finance Shared Service is a technical accounting team that provides the accounting framework, treasury management function for the organisation. The budget setting process and support for strategic financial matters is delivered by the Chief Finance Officer. The Finance Business Partner team provides dedicated support to Associate Directors and budget managers with financial planning and monitoring.	The delegation of budget management responsibility to Service Delivery Leads creates an opportunity to further embed the finance business partnering model.	GREEN
Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
3. Long to Medium-Term Financial Management				
F	The authority has carried out a credible and transparent financial resilience assessment	An annual assessment is made for the prudent minimum level of General Balances and this forms the basis of the budget planning process. In addition, the authority holds earmarked reserves to manage specific risks such as the Croxley Business Park Reserve and the Business Rates Reserve. In making this assessment Officers use the CIPFA Financial Resilience index to benchmark against other local authorities.		GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The budget papers and MTFS outline the financial challenges and opportunities facing the Council. Budget planning reports to Cabinet clearly set out the financial planning environment and any assumptions made.		GREEN

H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	An annual Capital and Investment Strategy is set by Council alongside a three-year Capital Investment Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy. The Capital Programme is monitored monthly with reports produced quarterly for Corporate Management Board, Finance Scrutiny Committee and Cabinet. Mid-term and Outturn Treasury Management reports are taken to Audit Committee and Cabinet, including monitoring of Prudential Indicators.		GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council has an integrated Business and Budget Planning Process with a three-year MTFs supported by Service Plans.		GREEN
4. The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	The CFO’s Section 25 report forms part of the budget report to Council and includes a commentary of the adequacy of proposed financial reserves.		GREEN

5. Stakeholder Engagement and Business Plans

L	<p>The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget</p>	<p>The Council’s budget priorities are closely linked to the Council’s Council Plan and Mayoral manifesto pledges which are voted on every four years.</p> <p>The Finance Scrutiny Committee considers and provides comments to Cabinet on the budget proposals.</p> <p>Specific proposals for service changes are taken through a formal public consultation process as part of the decision making process.</p>		GREEN
M	<p>The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions</p>	<p>A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme.</p> <p>All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented.</p> <p>Cost estimates for capital projects are subject to robust challenge. Projects are managed within the Council’s project management framework and supported by the Council’s well established Enterprise Programme Management Office (EPMO).</p>		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
6. Monitoring Financial Performance				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The quarterly monitoring report to Cabinet enables Corporate Management Team and Cabinet to respond to emerging risks. The reporting provides transparency through organising appendices by service area. The report is also considered by Finance Scrutiny Committee.		GREEN
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	The quarterly monitoring report to Cabinet includes monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).		GREEN
6. External Financial Reporting				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom” (The Code)	The annual accounts are produced in compliance with The Code. The accounts receive an unqualified audit opinion. Issues raised by external audit have been addressed by Officers, including accounting for infrastructure assets which was a national issue raised by the NAO.	The delay to the audit of the 2020/21, 2021/22 and 2022/23 accounts has impacted on the timeliness of financial reporting. The implementation of the backstop dates resulted in a disclaimed audit opinion for 2021/22, 2022/23 and 2023/24. Due to a build back of the accounts being required by audit a disclaimed opinion was given for 2024/25. Officers will work with external audit to rebuild assurance through the 2025/26 audit onwards.	AMBER

Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	The Corporate Management Team and Cabinet consider the year end variances in a timely manner enabling strategic financial decisions to be made as necessary including transfers to reserves and agreed carry forwards for both revenue and capital budgets.		GREEN
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**Watford Borough Council
Annual Governance Statement
2025/2026
Local Code of Governance**

What do we mean by Governance?

1. The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework') defines governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”

2. The International Framework also states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.”

3. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
4. Governance comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
5. Good governance leads to:-
 - good management,
 - good performance,
 - good stewardship of public money,
 - good public engagement,
 - good outcomes for citizens and service users.
6. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

7. The Council, along with each and every other local authority, aims to meet the standards of the best and its governance arrangements should not only be sound but also be seen to be sound.

Governance Framework

8. The Council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
9. The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) drew together a Working Group to compile a framework document entitled “Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) (‘the Framework’)
10. This Framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.
11. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.
12. It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance. The Framework is supported by the 2024 Code of Practice [on Good Governance for Local Authority Statutory Officers](#) produced collaboratively by CIPFA, SOLACE and LLG.

The Council's Commitment

13. The Council is committed to the principles of good governance and wishes to confirm its ongoing commitment and intentions through this Local Code of Governance.
14. This Code sets out and describes the Council's commitment to governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council's work.
15. Accordingly, the Council will test its arrangements by:-
 - reviewing its existing governance arrangements against this revised Code,
 - maintaining an up-to-date Local Code of Governance including arrangements for ensuring its ongoing application and effectiveness,
 - on an annual basis, prepare a governance statement in order to report publicly on the extent to which the Council complies with this code, including how the effectiveness of its governance arrangements have been monitored in the year and on any planned changes in the coming period.

The Principles of Good Governance

16. The core principles and sub-principles of good governance set out below are taken from the International Framework. In turn they have been interpreted for a local government context.

The Seven Core Principles

17. Principles A and B permeate implementation of principles C to G.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they

have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

The core principle is supported by three supporting principles:

- a) Behaving with integrity,
- b) Demonstrating strong commitment to ethical values, and
- c) Respecting the rule of law.

B. Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

The core principle is supported by three supporting principles:

- a) Openness,
- b) Engaging comprehensively with institutional stakeholders, and
- c) Engaging with individual citizens and service users effectively.

18. In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for principles C to G.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all

groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

The core principle is supported by two supporting principles:

- a) Defining outcomes, and
- b) Sustainable economic, social and environmental benefits.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

The core principle is supported by three supporting principles:

- a) Determining interventions,
- b) Planning interventions, and
- c) Optimising achievement of intended outcomes.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its

management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

The core principle is supported by two supporting principles:

- a) Developing the entity's capacity
- b) Developing the capability of the entity's leadership and other individuals

F. Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

The core principle is supported by five supporting principles:

- a) Managing risk,
- b) Managing performance,
- c) Robust internal control,
- d) Managing data, and
- e) Strong public financial management.

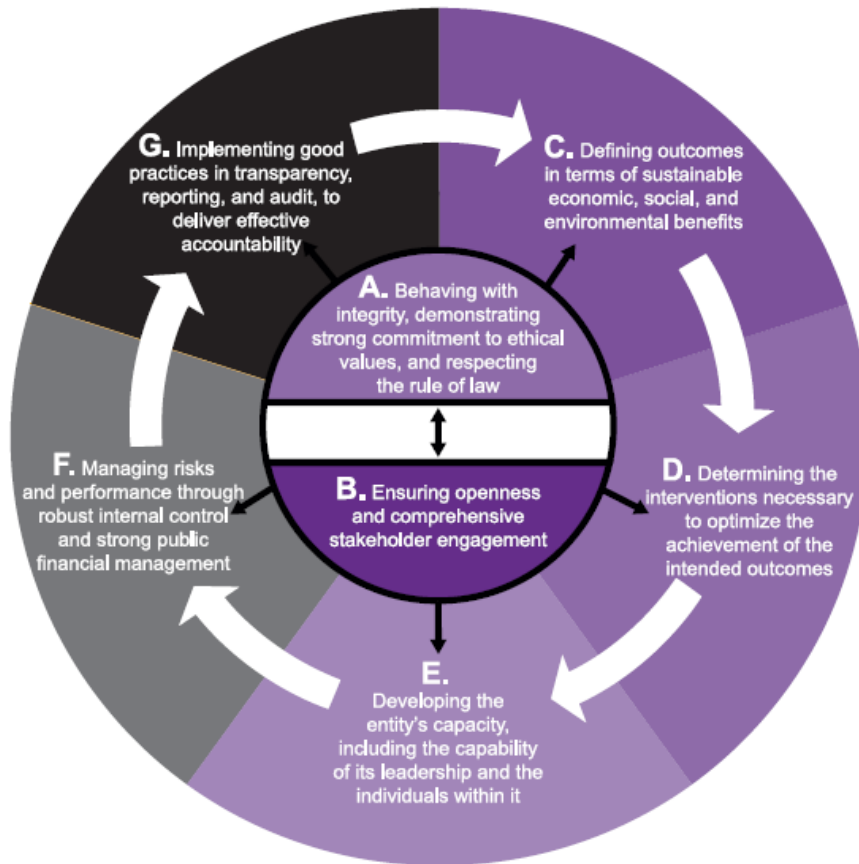
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

The core principle is supported by three supporting principles:

- a) Implementing good practice in transparency,
- b) Implementing good practices in reporting, and
- c) Assurance and effective accountability.

19. These principles are illustrated in the following diagram: (from CIPFA/SOLACE)



Monitoring and Review

20. The Council will carry out an ongoing review and monitoring of its governance arrangements (see Appendix A) and how these arrangements comply with the Framework document and this Local Code. This review and monitoring will include references to, amongst other things:

- Corporate Management Team Management Assurance Statements,
- Constitution Review arrangements,
- Ethics arrangements,
- Shared Internal Audit Service's Annual Report,
- Performance management arrangements,
- Risk management arrangements,
- Council's decision-making arrangements,

- Freedom of information and data protection arrangements, and
- Council's complaints procedures.

21. The results of this process will be incorporated into an Annual Governance Statement (AGS), the preparation and publication of which is necessary to meet the statutory requirement of the Accounts and Audit Regulations 2015.

22. The purpose of the AGS is to provide an assurance that:

- governance arrangements are adequate and operating effectively,
- where the review has revealed gaps, action is planned that will ensure effective governance in future.

23. The AGS will be presented to the Council's Audit Committee and then Cabinet.

24. Once approved, the AGS will be signed by the Elected Mayor and the Chief Executive and will be published with the Annual Statement of Accounts, prior to being reviewed by the Council's External Auditors.

June 2026

Core Principles	A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B - Ensuring openness and comprehensive stakeholder engagement	C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	D - Determining the interventions necessary to optimise the achievement of the intended outcomes	E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	F - Managing risks and performance through robust internal control and strong public financial management	G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	<p>Constitution</p> <p>Financial Procedure Rules</p> <p>Contract Procedure Rules</p> <p>Responsibility for Executive functions (delegation)</p> <p>Responsibility for Council functions (delegation)</p> <p>Councillor and Officer Codes of Conduct</p> <p>Annual Governance Statement</p> <p>Members Remuneration Scheme</p> <p>Contract Management Toolkit</p> <p>Project Management Toolkit</p>	<p>Constitution</p> <p>Local Strategic Partnership – One Watford</p> <p>Service Level and Partnership Agreements</p> <p>Transparency and Open Data</p> <p>Freedom of Information Act 2000</p> <p>Freedom of Information Publication Scheme</p> <p>Watford Observer</p> <p>Community Survey</p> <p>Communications and Engagement Plan</p> <p>About Watford In Touch</p> <p>Ask the MD</p>	<p>Council Plan (2022-26)</p> <p>Delivery Plan (2022-24) and (2024-26)</p> <p>Strategic Group</p> <p>Community Safety Plan</p> <p>Local Development Plan</p> <p>Watford Parking Strategy</p> <p>Gambling Policy</p> <p>Economic Growth Strategy</p> <p>Homelessness Review</p> <p>Housing Strategy</p> <p>Waste Management & Recycling Policy</p> <p>Environmental Strategy</p>	<p>Constitution</p> <p>Council Plan (2022-26)</p> <p>Delivery Plan (2022-24) and (2024-26)</p> <p>Medium Term Financial Strategy</p> <p>Service Plans</p> <p>Committee Meetings, Agendas and Minutes</p> <p>Finance Scrutiny Committee</p> <p>Local Strategic Partnership – One Watford</p> <p>Communications and Engagement Plan</p> <p>Shared Services Board</p>	<p>Organisational Development Strategy and Delivery Plan</p> <p>HR Policies</p> <p>Performance Development Review (appraisals)</p> <p>Job / Person Specifications</p> <p>Employee Health and wellbeing Strategy</p> <p>Health and Safety Group</p> <p>Safeguarding Policy</p> <p>Members and Staff Induction Programme</p> <p>Sickness Absence Policy</p>	<p>Medium Term Financial Strategy</p> <p>Treasury Management Strategy</p> <p>Finance Scrutiny Committee</p> <p>Audited Annual Statement of Accounts</p> <p>Revenue and Capital Budgets</p> <p>Risk Management Strategy</p> <p>Corporate and Service Risk Registers</p> <p>Annual Management Assurance Statements</p>	<p>Facility for Council to receive petitions</p> <p>Residents / business owners submit relevant questions in writing for consideration and response at Council meetings</p> <p>Freedom of Information Publication Scheme</p> <p>Notice of Executive Decisions</p> <p>Committee Meetings, Agendas and Minutes</p> <p>Local Government Transparency Code – Transparency and Open Data</p>

Evidence of Good Governance	Whistleblowing Policy	Contracts Register	Cabinet	Corporate Management Board		Annual Governance Statement	Shared Internal Audit Service (SIAS)
	Anti-Fraud and Anti-Corruption Policy	Customer Feedback / Complaints Process		Cabinet		Shared Internal Audit Service (SIAS)	Head of Assurance Opinion and SIAS Annual Report
	Bribery Policy	Peoples Panel		Council		Annual Audit Plan Report	Annual Fraud Report
	RIPA Policy	Website				SIAS Progress Reports	Treasury Management Reports
	Equality Impact Assessments	Intranet				Head of Assurance Opinion and SIAS Annual Report	
	Bullying and Harassment Policy	Social Media Channels				External Auditors	
	Register of Members' Interests					External Audit Annual Audit Letter	
	Notification of Gifts & Hospitality (members and officers)					Committee Meetings, Agendas and Minutes	
	Audit Committee					Data sharing protocols	
	Overview and Scrutiny Committee						
	Finance Scrutiny Committee						
Task Groups and Member Panels							
Ombudsman Reports							
Evidence of Good Governance	Protocol on Member / Officer Relations					Budget Monitoring	
	Standards Committee					Finance Digest	

Core Principles	A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B - Ensuring openness and comprehensive stakeholder engagement	C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	D - Determining the interventions necessary to optimise the achievement of the intended outcomes	E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	F - Managing risks and performance through robust internal control and strong public financial management	G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
	<p>Fraud Service and Annual Report</p> <p>Corporate Management Board: - Chief Executive Officer (Head of Paid Service) - Chief Finance Officer (Section 151 Officer) - Monitoring Officer - Chief Operating Officer Director (Sustainability, Environment and Communities), Director (Regeneration and Development)three Associate Directors, Executive Head of HR & OD</p> <p>Data Protection Policy</p> <p>Customer Feedback / Complaints Process</p>					<p>Overview and Scrutiny Committee</p> <p>Audit Committee</p> <p>Financial Procedure Rules</p> <p>Contract Procedure Rules</p>	

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (unusable reserves). The (Surplus) or Deficit on the Provision of Services line shows the true and fair cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund 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 or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services (unusable reserves). This category of reserves includes 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 shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

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

Movement in Reserves Statement

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants and Contb'ns Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024		-2,008	-89,448	-485	-12,417	-104,359	-307,931	-412,290
Movement in reserves during 2024/25								
Total Comprehensive Income and Expenditure		18,712	0	0	0	18,712	57,008	75,720
Adjustments between accounting basis and funding basis under statutory provisions	9	-12,158	0	-1,331	-3,497	-16,985	16,985	0
Transfers to / from earmarked reserves	39	-8,500	8,500	0	0	0	0	0
Increase (-) or Decrease (+) In Year		-1,947	8,500	-1,331	-3,497	1,726	73,994	75,720
Restated balance at 31 March 2025		-3,954	-80,948	-1,816	-15,914	-102,633	-233,937	-336,570
Movement in reserves during 2025/26								
Total Comprehensive Income and Expenditure		94,851	0	0	0	94,851	-44,997	49,854
Adjustments between accounting basis and funding basis under statutory provisions	9	-82,518	0	1,816	2,677	-78,025	78,025	0
Transfers to / from earmarked reserves	39	-13,108	13,108	0	0	0	0	0
Increase (-) or Decrease (+) In Year		-775	13,108	1,816	2,677	16,826	33,028	49,854
Balance at 31 March 2026		-4,729	-67,840	0	-13,237	-85,807	-200,909	-286,716

Comprehensive Income and Expenditure Statement

2024/25			Comprehensive Income and Expenditure Statement	2025/26		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
1,760	0	1,760	Democracy & Governance	1,781	0	1,781
57,313	-27,682	29,631	Place	113,560	-33,635	79,925
1,332	-51	1,280	Corporate Strategy & Comms	1,115	-41	1,074
961	-312	649	Human Resources	1,235	-617	618
19,829	-6,067	13,761	Corporate, Housing and Wellbeing	33,812	-5,795	28,017
31,787	-27,958	3,829	Strategic Finance	27,933	-23,959	3,973
-187	0	-187	Other Costs	1,591	0	1,591
112,795	-62,071	50,724	Cost of Services	181,026	-64,047	116,979
-1,665	0	-1,665	Other Operating Expenditure	-1,537	0	-1,537
6,832	-5,390	1,441	Financing and Investment Income and Expenditure	7,911	-3,787	4,124
0	-31,789	-31,789	Taxation and Non-Specific Grant Income	0	-24,715	-24,715
117,961	-99,250	18,712	Surplus (-) or Deficit (+) on Provision of Services	187,400	-92,549	94,851
			Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services			
		37,032	Surplus or Deficit on revaluation of non-current assets			-20,274
		19,976	Remeasurements of the net defined benefit liability (asset)			-24,723
		57,008				-44,997
		57,008	Other Comprehensive Income and Expenditure			-44,997
		75,720	Total Comprehensive Income and Expenditure			49,854

Balance Sheet

As at 31 March 2025 £'000	Balance Sheet	Notes	As at 31 March 2026 £'000
	Long Term Assets		
554,551	Property, Plant and Equipment	23	509,736
33,050	Investment Property	25	34,125
2,693	Heritage Assets	24	2,693
2,420	Long Term Investments	34	2,420
23,164	Long Term Debtors	28	20,999
615,879	Total Long Term Assets		569,972
	Current Assets		
5,792	Assets Held for Sale	30	4,331
11,023	Debtors	29	17,172
11	Stock		11
15,705	Short Term Investments	33	10,002
11,479	Cash and Cash Equivalents	32	4,829
44,011	Total Current Assets		36,345
	Current Liabilities		
-6,367	Short Term Borrowing	34	-9,967
-15,125	Short Term Creditors and Revenue Receipts in Advance	31	-15,893
-4,936	Short Term Finance Liability	27	-5,277
-26,428	Total Current Liabilities		-31,137
	Long Term Liabilities		
-1	Long Term Creditors and Revenue Receipts in Advance		0
-2,867	Provisions	36	-2,974
-16,250	Long Term Borrowing	34	-26,500
-25,143	Pension Liability	19	-1,093
-251,156	Long Term Finance Liability	27	-257,033
-140	Deferred Income		-130
-1,334	Long Term Capital Grants Receipts in Advance		-734
-296,891	Total Long Term Liabilities		-288,464
336,571	Net Assets (+) / Net Liabilities (-)		286,716
	Financed from:		
-102,633	Usable Reserves	37-41	-85,807
-233,937	Unusable Reserves	42-51	-200,910
-336,571	Total Reserves		-286,716

Nigel Howcutt, Chief Finance Officer

Date: 30/06/2026

Cash Flow Statement

2024/25 £'000		Notes	2025/26 £'000
18,712	Net (surplus) or deficit on the provision of services		94,851
-32,918	Adjust net surplus or deficit on the provision of services for non-cash movements	50	-96,619
<u>20,051</u>	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	50	<u>13,538</u>
5,845	Net cash flows from Operating Activities		11,771
-43,622	Investing activities	50	1,064
30,961	Financing activities	50	-6,184
<u>-6,816</u>	Net increase (-) or decrease (+) in cash and cash equivalents		<u>6,650</u>
4,662	Cash and cash equivalents at the beginning of the reporting period		11,479
11,478	Cash and cash equivalents at the end of the reporting period		4,829

1. Expenditure and Funding Analysis

2024/25				2025/26		
Expenditure chargeable to the General Fund	Adjustments between funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Expenditure chargeable to the General Fund	Adjustments between funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
1,774	-15	1,760	Democracy & Governance	1,797	-16	1,781
963	28,668	29,631	Place	-216	80,141	79,925
1,299	-19	1,280	Corporate Strategy & Comms	1,434	-360	1,074
648	2	649	Human Resources	635	-17	618
8,218	5,544	13,761	Corporate, Housing and Wellbeing	8,984	19,034	28,017
3,865	-36	3,829	Strategic Finance	4,787	-814	3,973
0	-187	-187	Other Costs	0	1,591	1,591
16,767	33,957	50,724	Service Costs	17,421	99,558	116,979
			Other Income and Expenditure not charged to services			
-18,713	-13,299	-32,012		-18,196	-3,933	-22,128
-1,947	20,658	18,712	Surplus (-) or Deficit (+) on Provision of Services	-775	95,626	94,851
			Opening General Fund Balance at 1 April	-3,954		
			Add surplus (+) or deficit (-) on the General Fund for the year	-775		
-3,954			Closing General Fund Balance at 31 March	-4,729		

2. Accounting Policies

2.1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by The Accounts and Audit (England) Regulations 2015, which require these 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 2025/26 (the Code). The Code prescribes guidance on the preparation of the Statement of Accounts, supported by International Financial Reporting Standards (IFRS) (and statutory guidance issued under section 12 of the 2003 Act). 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. The Statement of Accounts has been prepared on a 'going concern' basis.

2.2. Turnover (for Group Accounts)

Turnover in respect of property development is recognised on unconditional exchange of contracts on disposals of finished developments.

Where construction of pre-sold developments is under-taken, the revenue and profits are recognised in accordance with IFRIC 15. Revenue is determined by independently certified milestones.

2.3. Accruals of Income and Expenditure

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

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- supplies are recorded as expenditure when they are consumed — where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract

Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

2.4. Cash and Cash Equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. The Council has no overdraft facility.

2.5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

2.6. Charges to Revenue for Long Term Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. These entries are adjusted through the Movement in Reserves Statement.

2.7. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) 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 (CIES) 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 CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the 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. Where debtor balances for the above are identified

as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

2.8. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the 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 Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary redundancy.

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

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Hertfordshire County Council. The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council. The schemes arrangements are summarised as follows: -

The Local Government Pension Scheme

- the Local Government Scheme is accounted for as a defined benefits scheme
- the liabilities of Hertfordshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees
- liabilities are discounted to their value at current prices, using a discount rate of 3.6%-3.8% (based on the indicative rate of return on high quality corporate bonds).
- the assets of Hertfordshire County Council (HCC) Pension Fund attributable to the Council are included in the Balance Sheet at their bid value as required by International Accounting Standard

(IAS) 19. Full details of the assets held by the Fund are disclosed as part of the Pension scheme disclosure.

The change in the net pensions liability is analysed into seven components:

- current service cost — the increase in liabilities as a result of years of service earned this year — allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost — the increase in liabilities arising from current year decisions which relate to years of service earned in earlier years — debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- interest cost — the expected increase in the present value of liabilities during the year as they move one year closer to being paid — debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets — the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments — the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees — debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- 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 — credited to the Comprehensive income and expenditure — Other Comprehensive Income and Expenditure line and reversed through the Movement in Reserves to the Pensions Reserve.
- contributions paid to the HCC pension fund — cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense in the Comprehensive Income and Expenditure Statement.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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.

2.9. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

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

Financial Assets - Loans and Receivables

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost; except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument)

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

The Expected Credit Loss Model is not applied to debts related to Council Tax and Non-Domestic Rates.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and

carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

2.10. Government Grants and Contributions

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

- the Council will comply with the conditions of the payment
- the grants or contributions will be received.

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

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

2.11. Intangible Assets

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

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The 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.

Where there is intangible asset expenditure of an immaterial nature, the Council's policy is that these be capitalised and then written off in-year.

2.12. Inventories and Long-Term Contracts

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

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

2.13. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

2.14. Leases

The Council adopted IFRS16 Leases with effect from 1 April 2024. At the inception of a contract, the Council assesses whether a contract contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The Council considers:

- whether the asset is explicitly or implicitly identified in a contract,
- whether the asset identified in the contract is physically distinct,
- the rights to obtain substantially all of the economic benefits and service potential from the asset,

- the right to direct use.

Leases are classified as finance leases where the terms of the lease transfer substantially 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.

Leases at peppercorn or nominal lease payments are those leases for which consideration is paid but the lease payments are substantially below market lease payments.

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 Council as Lessee – A Right-of-Use Asset

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments, and removes the previous classifications of operating and finance leases for lessees.

Initial Measurement

Leases are recognised as right-of-use assets in the Balance Sheet/disclosure note with a corresponding liability at the date from the commencement date.

The right-of-use asset is initially measured at cost, comprising:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date less any incentives received,
- any initial direct costs incurred, and
- any dilapidation or restoration costs.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value at the commencement date.

The asset recognised is matched by a liability for the obligation to pay the lessor. The lease liability is measured at the present value of lease payments that are not paid at that date, discounted by the interest rate implicit in the lease, or if that cannot be determined the lessee's incremental borrowing rate specific to the term and start date of the lease.

Subsequent measurement

The right-of-use asset is subsequently measured at fair value.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption and is tested for impairment if there are indicators of impairment.

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

The lease liability, and corresponding adjustment to the right-of-use asset, is remeasured when:

- there is a change in future lease payments arising from a change in index or rate such as inflation
- there is a change in the estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a change in the lease term.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Property, Plant and Equipment recognised under 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 Council at the end of the lease period).

The Council has elected to apply recognition exemptions to low value assets (those below £10,000 when new) and to short term leases (leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months) in accordance with the Code.

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of 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. A gain, representing the Council'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 are apportioned between:

- a charge for the acquisition of the interest in the property — applied to write down the lease debtor (together with any premiums received); and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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 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.

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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the 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.

Sale and Leaseback transactions – Where the Council (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, both the seller-lessee and the buyer-lessor shall account for the transfer contract and lease.

2.15. Overheads and Support Services

The costs of overheads and support services are not charged to those service segments that benefit from the supply or service in accordance with the costing principles of the SERCOP.

But the costs of overheads and support services are accounted for as separate headings in the Comprehensive Income and Expenditure Statement.

2.16. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

It should be noted that at present the Council has no donated assets.

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

- Infrastructure, community assets and assets under construction — depreciated historical
- All other assets — fair 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 non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. The Council's policy is to revalue assets on the basis of a 5-year rolling programme.

In addition, should current valuations of a similar class of asset suggest material differences in valuations, the entire class to which the asset belongs would be revalued.

Valuations are also supported by Indexation in intervening years or alternatively, a desktop valuation in year three where no suitable index is available. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value and indexation is not applied.

The current valuers have undertaken a market review of individual asset types within the Council's portfolio at year end to identify any material changes to the fair value of assets. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

When decreases in value are identified:

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

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

Impairment

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

When impairment losses are identified:

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

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.

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 opening value of the asset, using following bases: -

- Buildings — straight-line allocation over the useful life of the asset as estimated by the valuer - up to 50 years
- Vehicles — straight-line over the estimated life of the asset - up to 20 years
- Plant, furniture and equipment — straight-line over the estimated life of the asset - up to 20 years
- Infrastructure — straight-line over the estimated life of the asset - up to 25 years
- Finance leases — over the life on the underlying asset or over the life of the lease where there is no option to acquire the asset at the end of the lease.

Depreciation commences in the year following acquisition.

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, in order to ensure the depreciation charge is realistic.

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.

Where an asset with accumulated depreciation is revalued, accumulated depreciation is eliminated from the carrying value of the asset.

Disposals of Non-current Assets

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 disposals (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.

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

Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2.17. Heritage Assets

Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules have been simplified in relation to heritage assets as detailed below.

The Heritage Assets are relatively static and acquisitions, donations and disposals are rare. Where acquisitions do occur, they are initially recognised at cost and donations are recognised at valuation ascertained by insurance officers, museum curators or external valuers. Proceeds from the disposal of Heritage Assets are accounted for in accordance with the Council's general policies relating to the

disposals of property, plant and equipment. The Council has a rolling programme of major repair and restoration of its heritage assets and therefore the assets are deemed to have indefinite lives, and the Council does not consider it necessary to charge depreciation.

The Council's collection of Heritage Assets, which includes works of art, musical equipment, sculptures, statues, war memorials and civic regalia, are reported at insurance valuations, which are based on market values, internal or external valuations. These insurance valuations are reviewed and updated on an annual basis. The carrying amounts of heritage assets are reviewed where there is evidence of impairment or where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

2.18. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council 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 Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

The level of provisions are reviewed annually by the Council.

Contingent Liabilities

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

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

Contingent Assets

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

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

2.19. Reserves

The Council 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 Council — these reserves are explained in the relevant policies.

2.20. 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 Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

2.21. Value Added Tax (VAT)

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

2.22. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other organisations, that involve the use of assets and resources of the Council and organisations without the establishment of a separate legal entity.

The Council recognises the assets and liabilities it controls on the Council's balance sheet. Expenditure incurred by the Council and income it earns from the operation is included in the Council's CI&E.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other organisations. The assets being used to obtain benefit to the Council and organisations. The arrangement does not involve the formation of a legal entity.

The Council accounts for only its share of jointly controlled assets, liabilities and expenses incurred in respect of its interest in the arrangement.

2.23. Single Entity Financial Statements

The financial statements presented by a parent, an investor in an associate or a venturer in a joint venture (jointly controlled entity) in which the investments are accounted for on the basis of the direct equity interest (i.e. at cost) rather than on the basis of the reported results and net assets of the investees. In the context of the Code, an Authority's single entity financial statements are deemed to be separate financial statements.

2.24. Group Accounts - Recognition of Group Entities and Basis of Consolidation

Group Accounts are the financial statements of an entity together with: -

- its subsidiary undertakings,
- its investments in associates, and
- its interests in joint ventures (jointly controlled entities); presented as a single economic entity.

Subsidiary undertakings are accounted for in accordance with the implementation of IAS27 (International Accounting Standard 27) in the 2019/20 Code. The 2019/20 Code requires consolidation of subsidiaries. Consolidation is a method of accounting whereby an entity combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, reserves, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken: -

- the carrying amount of the parent's investment in each subsidiary and the parent's portion of reserves of each subsidiary are eliminated.
- any non-controlling interest is identified and separately disclosed.
- intragroup balances and transactions, including income, expenses and dividends, are eliminated in full.

Investments in associates are accounted for in accordance with the implementation of IAS28 in the Code. The Code requires the consolidation of an entity's interest in associates. Joint ventures are accounted for in accordance with the implementation of IFRS 11 in the Code. The Code requires use of the "equity method" of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the investor's share of the net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Taxation (for Group Accounts)

Taxation on all profits is solely the personal liability of individual members. Consequently, neither taxation nor related deferred taxation arising in respect of Watford Health Campus Partnership LLP are accounted for in these financial statements.

Subscription and Repayment of Members' Capital (for Group Accounts)

The capital requirements of the LLP are reviewed from time to time by the Board and further capital contributions may be made at the discretion of the members. No interest is charged on capital except pursuant to a dissolution, no capital can be withdrawn by a member unless agreed by all members.

Allocation of Profits and Drawings (for Group Accounts)

The allocation of profits to those who were members during the financial period occurs following the finalisation of the annual financial statements.

The allocation of profits between members is determined by entitlements outlined in the Members' Agreement and is dependent on certain profit criteria being achieved. In accordance with the SORP as a consequence of the LLPs profits being automatically divided in line with the entitlements outlined in the Members' Agreement these profits are treated as an expense in the profit and loss account.

Work in progress (for Group Accounts)

Development land and work in progress is included at cost less any losses foreseen in completing and disposing of the development less any amounts received or receivable as progress payments or part

disposals. Where a property is being developed, cost includes cost of acquisition and development to date, including directly attributable fees, expenses and finance charges net of rental or other income attributable to the development. Where development property is not being actively developed, net rental income and finance costs are taken to the profit and loss account.

2.25. Fair Value

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

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 – unobservable inputs for the asset or liability.

3. Accounting Standards that have been issued but not yet adopted

Paragraph 3.3.4.3 of the Code of Practice requires that the Council discloses 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 requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2025 for 2025/26).

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

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

These changes are not significant and are not expected to have a material effect on the Council's Statement of Accounts.

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events.

The assumptions within the accounts are arrived at in a number of ways:

- a) Estimates for accrued expenditure/income - based on service managers' and accountants' calculations at year end.
- b) Bad debt provision - based on historic trends and adjusted for any material movements during 2025/26.
- c) Asset lives for the calculation of depreciation charges - based on service managers' experience of previously used assets.

5. Prior Period Adjustments

One prior period adjustment has been made. During 2024/25, a reclassification of £0.500m Watford Health Campus Partnership loan notes between the 'A' and 'B' note classes was accounted for.

Whilst the reclassification did not result in any exchange of cash, the amount reclassified represents and amount that would have been repaid on 'B' notes. Because the 'B' notes are linked to a transfer of land to the partnership they are in substance deferred sale proceeds. Therefore it is necessary to drawdown from the deferred capital receipts account, and to apply capital receipts to the capital adjustment account.

The impact of this adjustment nets to Nil in both the Usable and Unusable reserves.

6. Events after the Balance Sheet date

There are no known events that would have a material impact on the Council's position as at 31 March 2026.

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on 30 June 2026.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Assumptions Made About the Future and Other Major Sources of Uncertainty

The Statements of Accounts contains estimated figures that are based on assumptions made by the Council about the future that are otherwise uncertain. Estimates are made taking in to 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.

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

Item	Uncertainties	Impact
Property, Plant and Equipment (PPE)	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual assets. The current economic climate makes it possible that the Council will be unable to sustain its current spending on repairs and maintenance, bringing in to doubt the useful lives assigned to assets.</p> <p>The Council engaged Sanderson Weatherall (SW), a qualified RICS surveyor, provide valuations of land and building property assets and Surplus assets at the year end. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. SW valuation experts work closely with finance officers on all valuation matters.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>The impact of different valuations would have an impact on the value of non-current assets and unusable reserves on the Balance Sheet changing both by the same amount.</p>
Investment Properties	<p>Investment properties are valued annually at fair value (market value). The Council engaged Sanderson Wetherall, a qualified RICS surveyor, to provide valuations of Investment Properties at the year end. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. Sanderson Wetherall's valuation experts work closely with finance officers on all valuation matters.</p>	<p>Significant changes in the assumptions of future income streams/growth; occupancy levels; ongoing property maintenance and other factors could result in a significantly higher or lower fair value for these assets.</p> <p>The impact of different valuations would have an impact on the value of non-current assets and unusable reserves on the Balance Sheet changing both by the same amount.</p>

<p>Arrears</p>	<p>At 31 March 2026, the Council had a short-term sundry debtor balance of £27.726m. A review of significant balances suggested a provision for bad debts of £10.554m was appropriate. See Note 30.</p>	<p>If collection rates were to deteriorate an increasing level of doubtful debts would require an additional amount to be put aside as a bad debt provision for additional bad debt write offs.</p>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used; the rate at which salaries are projected to increase; changes in the retirement ages; mortality rates; and expected returns on pension assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of pension assets is based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this is not generally considered to be material.</p>	<p>The effects on the closing defined benefit obligation of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the closing defined benefit obligation of £1,817k. A 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation by 4%.</p>
<p>Non Domestic Rates Appeals Provision</p>	<p>The provision for NDR Appeals includes an assessment of the appeals lodged to 31 March 2026, plus an estimate of the appeals not yet lodged.</p>	<p>There is uncertainty and risk surrounding the calculation of the provision as future events may affect the amount required to settle the obligation. If NDR appeals were to significantly increase, the provision would have to be reassessed and increased. The increased liability would be shared between the Council, Central Government and County Council.</p>

8. Adjustments in the Expenditure and Funding Analysis

Adjustments for Capital Purposes	2024/25				2025/26			
	Net Charge for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Charge for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000		£'000	£'000	£'000	£'000
0	-1	-13	-15	Democracy & Governance	0	-18	1	-16
26,162	-11	2,517	28,668	Place	70,516	-199	9,824	80,141
0	-18	-1	-19	Corporate Strategy & Comms	0	-336	-24	-360
0	-2	3	2	Human Resources	0	-39	22	-17
5,885	0	-342	5,544	Corporate, Housing and Wellbeing	19,317	0	-283	19,034
263	-1,671	1,372	-36	Strategic Finance	280	-1,725	632	-814
0	87	-274	-187	Other Costs	0	0	1,591	1,591
32,311	-1,616	3,262	33,957	Service Costs	90,113	-2,318	11,763	99,558
-17,396	-233	4,331	-13,299	Other Income and expenditure not charged to services	-12,291	2,991	5,367	-3,933
14,915	-1,849	7,592	20,658	Surplus (-) or Deficit (+)	77,822	673	17,130	95,625

9. Adjustments between accounting basis and funding basis under regulations

2024/25 Restated					2025/26			
General Fund Balance	Capital Receipts Unapplied	Capital Grants & Contbns Unapplied	Unusable Reserves		General Fund Balance	Capital Receipts Unapplied	Capital Grants & Contbns Unapplied	Unusable Reserves
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Adjustments to Revenue Resources				
1,849			-1,849	Pension Costs transferred to (or from) the Pensions Reserve	-673			673
6			-6	Financial instruments transferred to the Financial Instrument Adjustment Account	2			-2
904			-904	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	-1,390			1,390
-3			3	Holiday pay transferred to the Accumulated Balances Account	50			-50
-40,143			40,143	Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	-103,336			103,336
				Adjustments between Revenue and Capital Resources				
5,231	-5,231			Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	5,834	-5,834		
0	4,567		-4,567	Useable Capital Receipts applied to finance capital expenditure		12,114		-12,114
2,248			-2,248	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	2,439			-2,439
2,535			-2,535	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	7,943			-7,943
		11,733	-11,733	Capital grants and contributions applied	-2,684		11,980	-9,296
15,230		-15,230		Capital gains and contributions receivable not applied to finance capital expenditure	9,303		-9,303	
-16	16			Administrative costs of non-current asset disposals (funded by a contribution for the Capital Receipts Reserve)	-5	5		
				Adjustments to Capital Resources				
	-500		500	Adjustments relating to Deferred Capital Receipts		-706		706
	-182		182	Repayment of loans		-3,763		3,763
-12,159	-1,330	-3,497	16,986	Total	-82,517	1,816	2,677	78,024

10. Analysis of Income and Expenditure by Nature

2024/25 £'000	Income and Expenditure	2025/26 £'000
-33,476	Fees, charges and other service income	-37,666
-51,776	Government grants and contributions	-41,972
-3,146	Interest and investment income	-1,925
-10,852	Income from council tax and non-domestic rates	-11,120
-502	Movement in Fair Value of Investment Properties	-1,075
-99,751	Total Income	-93,624
14,170	Employee benefits expenses	16,654
64,830	Other service expenses	68,095
33,855	Depreciation, amortisation, impairments and revaluations	96,628
7,232	Interest payable and similar charges	7,235
41	Net interest expense on the pension defined liability	1,400
-1,665	Costs from the disposal of non-current assets	-1,537
118,463	Total Expenditure	188,475
18,712	Surplus (-) or Deficit (+) on the Provision of Services	94,851

2024/25 £'000	Fees and Charges by Service	2025/26 £'000
-28,632	Place	-32,955
-46	Corporate Strategy & Comms	-41
-312	Human Resources	-617
-3,249	Corporate, Housing and Wellbeing	-2,992
-1,237	Strategic Finance	-1,062
-33,476	Total Fees and Charges	-37,666

11. Other Operating Expenditure

	2024/25	2025/26
Other Operating Expenditure	£'000	£'000
Capital Receipts	-1,665	-1,537
Disposal costs charged against capital receipts	0	0
Net Capital Receipts	-1,665	-1,537
Other Receipts	0	0
Total Receipts	-1,665	-1,537
Carrying value of non-current assets derecognised	0	0
Disposal costs charged to the General Fund	0	0
Total Disposal costs	0	0
Other Operating Expenditure	-1,665	-1,537
Adjustments between accounting basis and funding basis	1,665	1,537
Net Charge to the General Fund	0	0

12. Financing and Investment Income and Expenditure

	2024/25	2025/26
Financing and Investment Income and Expenditure	£'000	£'000
Interest payable and similar charges	7,232	7,235
Gain or Loss on the valuation of pooled investment funds	0	0
Interest receivable and similar income	-2,396	-1,504
Income and Expenditure in relation to investment properties and change in their fair value	-2,685	-2,721
Net pensions interest expense	41	1,400
Dividends	-750	-288
Financing and Investment Income and Expenditure	1,441	4,123
Adjustments between accounting basis and funding basis	2,644	1,321
Net Charge to the General Fund	4,086	5,444

13. Taxation and Non-Specific Grant Income

	2024/25	2025/26
Taxation & Non-Specific Grant Income	£'000	£'000
Council Tax Income	-10,628	-10,974
Non Domestic Rates	-224	-145
Non Ringfenced Government Grants	-5,707	-4,292
Capital Grants and Contributions	-15,230	-9,303
Total	-31,789	-24,715

14. Members Allowances

The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to members and the maximum amounts payable in respect of certain allowances.

Further information on Members' Allowances can be obtained from the Council's Democratic Services section.

	2024/25	2025/26
Members' Allowances	£'000	£'000
Allowances	566	626
Travel and Subsistence	6	8
Total	573	634

15. Audit Fee

	2024/25	2025/26
Audit and Inspection Fees	£'000	£'000
Code of Practice Audit Work	198	204
Other Fees for Prior Years	349	127
Certification of grant claims and Returns	28	-18
Total	575	313

16. Senior Officer Remuneration

Table 16a:

Band	2024/25	2025/26
£		
50,000-54,999	19	23
55,000-59,999	21	22
60,000-64,999	7	11
65,000-69,999	2	10
70,000-74,999	6	2
75,000-79,999	2	3
85,000-89,999	2	1
90,000-94,999	2	3
95,000-99,999	1	1
100,000-104,999	1	2
105,000-109,999	0	1
110,000-114,999	1	2
165,000-169,999	1	1
Total	65	82

The Council is required to disclose the number of employees in the accounting period whose remuneration fell in each bracket of a scale in multiples of £5,000, starting with £50,000.

For completeness, the Council has included the senior officers' remuneration (excluding pensions), disclosed in table 16b in table 16a.

The Head of Finance is a shared post between Watford Borough Council and Three Rivers District Council and acts as deputy S151 Officer. The Chief Finance Officer (S151) for Watford Borough Council is shared with Dacorum Borough Council as of 1 February 2026.

Notes to the Financial Statements

2025/26					
Post Holder Information	Salary (Including Fees & Allowances)	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Other Authorities and Agency Fees	Cost to Watford Borough Council
	£	£	£	£	£
Chief Executive – Donna Nolan	182,000	36,013	218,013		218,013
Director of Sustainability, Environment & Communities	108,363	20,697	129,060		129,060
Chief Operating Officer	99,523	19,009	118,532		118,532
Executive Head of Human Resources*	112,850	0	112,850	-36,112	76,738
Director of Regeneration & Growth	111,461	21,170	132,631		132,631
Executive Director of Place (April 2025)	2,700	0	2,700		2,700
S151 Officer (April 2025 - January 2026)**	0	0	0	89,782	89,782
S151 Officer (February 2026 - March 2026)***	0	0	0	13,619	13,619
Head of Finance****	0	0	0	93,317	93,317
Total	720,298	96,890	817,188	57,205	874,394

* Shared service staff

** Interim S151 Officer

*** Shared S151 Officer with Dacorum Borough Council – 60:40 Ratio DBC:WBC

****Interim Head of Finance

2024/25					
Post Holder Information	Salary (Including Fees & Allowances)	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Three Rivers District Council	Cost to Watford Borough Council
	£	£	£	£	£
Chief Executive – Donna Nolan	165,819	30,046	195,865		195,865
Director of Sustainability, Environment & Communities	102,914	19,657	122,571		122,571
Chief Operating Officer	88,245	16,855	105,100		105,100
Executive Head of Human Resources*	90,133	0	90,133	-28,843	61,290
Director of Regeneration & Growth	94,245	18,001	112,246		112,246
Executive Director of Place	112,308	21,451	133,759		133,759
Group Head of Democracy & Governance	23,730	8,392	32,122		32,122
Director of Performance	22,537	18,361	40,898		40,898
Head of Finance (S151 Officer)	-	-	-	105,820	105,820
Total	699,931	132,763	832,694	76,978	909,672

* Shared service staff

17. Exit Packages

Exit packages Band (£)	2024/25			2025/26			2024/25			2025/26		
	Compulsory No.	Other No.	Total No.	Compulsory No.	Other No.	Total No.	Compulsory No.	Other No.	Total No.	Compulsory £'000	Other £'000	Total £'000
0 - 19,999	0	1	1	0	0	0	1	0	1	0	0	0
20,000 - 39,999	0	2	2	0	60	60	1	0	1	27	0	27
40,000 - 59,999	0	1	1	0	58	58	0	0	0	0	0	0
Total	0	4	4	0	126	126	2	0	2	36	0	36
Less amounts provided for in previous year												-80
Total cost of exit packages in the Comprehensive Income and Expenditure Statement												46
												36

18. Grants

Grant issuing body	Credited to Taxation and Non-Specific Grant Income	2024/25	2025/26	Credited to Services	2024/25	2025/26
		£'000	£'000		£'000	£'000
Ministry of Housing, Communities & Local Government	Business Rate - Section 31 Grant	4,258	3,126	Local Council Tax Scheme Admin Grant	-	-
	Recovery Grant		45	Council Tax Support Scheme	-	-
	New Homes Bonus	1,238	784	Homelessness	1,419	1,908
	Employer's National Insurance Contribution Grant	-	208			
	Services Grant	22	-			
	Revenue Support Grant	107	129			
	Funding Guarantee	28	-			
Department for Environment Food & Rural Affairs	Extended Producer Responsibility Grant	-	-	Extended Producer Responsibility Grant	-	1,411
Department for Work and Pensions				Housing Benefit Grant	24,166	19,869
				Rent Rebate Subsidy	-1,657	-16
				Non HRA Rebate	3,322	1,587
				Benefit Admin Grant	318	276
Various	Other Revenue Grants	54	-	Other Revenue Grants	3,114	3,290
Various	Capital Grants	10,192	8,369	Capital Grants		
Various	Developer Contributions	5,038	934			
All Grants	Total	20,937	13,595	Total	30,682	28,325

19. Defined Benefit Pension Scheme

Participation in Pension Scheme

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

The Council participates in the Local Government Pension Scheme administered locally by Hertfordshire County Council (HCC). This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of HCC. Policy is determined in accordance with the Local Government Pension Scheme Regulations 2013. The investment managers of the fund are appointed by the Investment sub-committee of HCC and consist of the fifteen Investment Fund Managers.

Principal risks of the scheme for the Council are longevity assumptions, statutory and structural scheme changes, changes to inflation, bond yields and performance of the scheme's equity investments. The Council has taken into account the impact of the McCloud Judgement and the Guaranteed Minimum Pensions equalisation on future liabilities arising from the defined benefit pension scheme.

Transactions relating to Retirement Benefits

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

Pension Fund Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2024/25 £'000	2025/26 £'000
Cost of Services		
Current Service Cost	1,748	1,294
Past Service Costs	87	0
Administration Expenses	0	11
Financing and Investment Income & Expenditure		
Net Interest Expense	41	1,389
Surplus / Deficit on the Provision of Services	1,876	2,694
Other Comprehensive Income and Expenditure		
Return on plan assets	3,908	-1,985
Actuarial gains (-) and losses (+) from demographic assumptions	-2,624	4,206
Actuarial gains (-) and losses (+) from financial assumptions	-17,658	-5,307
Experience gains (-) and losses (+)	-1,122	1,590
Other actuarial gains (-) and losses (+)	0	1,343
Impact of the Asset Ceiling	37,472	-24,570
Remeasurements of the net defined benefit liability (asset)	19,976	-24,723
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	21,852	-22,029
Movement in Reserves Statement		
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits in accordance with the code	1,849	-673
Actual amount charged against the General Fund Balance for pensions in the year	3,725	2,021

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2024/25 £'000	2025/26 £'000
Pension Liability		
Present value of the defined benefit pension obligation	-139,174	-140,475
Fair value of the plan assets	151,503	154,440
Impact of Asset Ceiling	-37,472	-15,057
Total Net Liabilities	-25,143	-1,092

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Liabilities	Local Government Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Opening Balance at 1 April	159,125	139,174
Current Service Cost	1,748	1,294
Interest Expense	7,797	7,769
Contributions by scheme participants	684	727
Actuarial gains and losses - demographic assumptions	-2,624	4,206
Actuarial gains and losses - financial assumptions	-17,658	-5,307
Experience gains and losses	0	0
Other actuarial gains and losses	-1,122	1,590
Benefits Paid	-8,863	-8,977
Past Service Costs	87	0
Closing balance at 31 March	139,174	140,476

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Assets at Fair Value	Local Government Pension Scheme (funded)	
	2024/25	2025/26
	£'000	£'000
Opening Balance at 1 April	152,109	151,503
Interest Income	7,756	8,535
Return on plan assets	-3,908	1,985
Other actuarial gains and losses	0	-1,343
Administration expenses	0	-11
Employer Contributions	3,725	2,021
Contributions by scheme participants	684	727
Benefits Paid	-8,863	-8,977
Closing balance at 31 March	151,503	154,440

Local Government Pension Scheme assets comprised:

Assets	At 31 March 2025		At 31 March 2026	
	£'000	%	£'000	%
Equities	89,168	59%	100,587	65%
Bonds	35,116	23%	28,703	19%
Property	23,276	15%	20,880	14%
Cash	3,943	3%	4,269	3%
Total	151,103	100%	154,439	100%

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2025.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme (funded)	
	2024/25	2025/26
Longevity Assumptions:		
Men:		
Rate of improvement	1.25%	1.50%
Longevity from 65 (currently aged 65) (yrs)	21.2	22.8
Longevity from 65 (currently aged 45) (yrs)	21.9	24.3
Women:		
Rate of improvement	1.25%	1.50%
Longevity from 65 (currently aged 65) (yrs)	24.1	24.6
Longevity from 65 (currently aged 45) (yrs)	25.2	26.3
Financial Assumptions:		
Consumer Price Index (CPI) increases	2.90%	2.90%
Rate of increases in salaries	3.90%	3.90%
Rate of increases in pensions and deferred pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.75%	6.05%

Significant assumptions used by the actuary

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

Impact on the Defined Benefit Obligation in the Scheme

	Local Government Pension Scheme (funded)	
	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	1%	1,731
0.1% increase in Pension Increase Rate	1%	1,776
0.1% increase in Salary Increase Rate	0%	59
1 year increase in member life expectancy	4%	5,958

Information about the Defined benefit obligation

Funding levels are monitored on an annual basis, and the latest triennial review is based on 31 March 2025 data. The fund liability may go up or down based on this review, and a sensitivity analysis is set out within this note under "impact on the defined benefit obligation in the scheme". The total value of contributions expected to be made by the Council in 2025/26 is £1.700m.

20. Joint Operations

The Council is party to the West Herts Crematorium Joint Committee under the Local Government Act 2000.

21. Partnership Working

During 2025/26, the Council operated a number of shared services with Three Rivers District Council (TRDC) and St Albans City and District Council:

2024/25		2025/26			Total Shared Services £'000
		Provided by TRDC £'000	Provided by WBC £'000	Provided by SADC £'000	
Total Cost					
£'000					
	Services				
1,586	Local Tax Collection	1,765			1,765
1,796	Housing Benefits	1,799			1,799
1,541	Finance	1,579			1,579
825	Human Resources		1,135		1,135
1,587	ICT		1,708		1,708
1,165	Legal			538	538
316	Planning Enforcement		481		481
712	Building Control		572		572
9,529	Total Expenditure	5,143	3,895	538	9,576
	Paid by Three Rivers District Council	2,172	1,013	-	3,185
2,987	Paid by Watford Borough Council	2,971	2,008	538	5,517
5,355	Paid by St Albans District and City Council	-	874	-	874
1,187					

22. 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.

Central Government

Central government has significant influence 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).

Senior Officers

The Director of Regeneration & Growth and Associate Director of Housing and Wellbeing are both board members for Watford BID which is a business led initiative supported by government legislation which gives local businesses the power to raise and spend funds locally with the aim of improving their own business environment. It is an investment scheme where local businesses agree how their money should be invested to benefit themselves, their employees, customers, clients and their town. The money is raised via a levy which businesses in the BID area pay. This money is then reinvested back into the town on projects which have been identified as being important to the town.

In 2025/26 the council paid £558k to Watford BID, £510k of which related to BID levy collected. The council received £20k.

Elected Members

The Mayor is a non-voting board member for Watford BID which is a business led initiative supported by government legislation which gives local businesses the power to raise and spend funds locally with the aim of improving their own business environment. It is an investment scheme where local businesses agree how their money should be invested to benefit themselves, their employees, customers, clients and their town. The money is raised via a levy which businesses in the BID area pay. This money is then reinvested back into the town on projects which have been identified as being important to the town

The Mayor is also a Patron of the following organisations which received grant funding in 2025/26:

- Rennie Grove Peace Hospice Care - received £3k grant funding and £1k from the Mayor's Charity Christmas Card
- One Vision - received £4.5k grant funding Jenny Pattinson and one other councillor are Directors for Watford Citizens Advice Bureau which received £204k from Watford Borough Council in grant payments.

The Mayor and one other councillor are both elected members of Hertfordshire County Council.

Two councillors are Directors for Watford Citizens Advice Bureau which received £242k from Watford Borough Council in 2025/26.

One councillor is a Director for Watford Community Housing which received £160k in grant funding from Watford Borough Council in 2025/26. Watford Borough Council received £53k in relation to a

decarbonisation project.

One councillor is a Trustee for Watford Palace Theatre. In 2025/26 Watford Palace Theatre received £285k from the council, £229k of which relates to a service-level agreement.

One councillor is a Treasurer for the St Vincent de Paul Society (SVP) at Holy Rood Watford. During 2025/26 they received a £1.5k grant from Watford and Three Rivers Trust.

Entities Controlled or Significantly Influenced by the Authority

Watford Commercial Services Ltd (WCS) is a wholly owned subsidiary of Watford Borough Council.

WCS is a 50% joint venture partner in Hart Homes Watford Development LLP (HHWDLLP).

The Council owns 50% of Hart Homes Watford Ltd.

Watford Health Campus LLP is a 50:50 joint venture between Watford Borough Council and Kier Property.

Watford Town Hall Quarter Company LLP (WTHQCLLP) is a 50:50 joint venture between Watford Borough Council and Mace Developments (Watford) Ltd. Watford Borough Council advanced £100k of loan notes to WTHQCLLP during 2025/26.

The Chief Executive is a clerk for West Herts Crematorium. There is an agreement existing between neighbouring authorities (Hertsmere, St Albans, Dacorum, Three Rivers & Watford) to constitute a Joint Committee under the Local Government Act 2000. There was no annual contribution paid this year.

Key Management – Agency Staff

The Section 151 Officer post was held by an agency staff member from April 2025 to January 2026, during which period Watford Borough Council paid £90k in agency fees.

The Section 151 Officer post between February and March 2026 was a shared role with Dacorum Borough Council (DBC). During this period Watford Borough Council paid £14k to DBC to provide this service

During 2025/26, Watford Borough Council paid £93k of agency fees for the Head of Finance post.

23. Movement in the value of Property, Plant and Equipment

2025/26	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Croxley Park Finance Lease Asset	Total Property Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation as at 1 April	239,708	23,787	435	3,740	49,331	249,476	566,477
Additions	5,636	1,349	0	82	8,104	7,849	23,020
Impact of Lease Remeasurement	0	0	0	0	0	11,222	11,222
Revaluation increases (decreases) recognised in the Revaluation Reserve	17,035	0	0	383	0	0	17,418
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-16,422	0	0	-649	0	-73,547	-90,617
Impairment	-950	-65	0	0	0	0	-1,015
Derecognition - disposals	-3,247	-14	0	0	0	0	-3,260
Derecognition - other	0	-278	0	0	0	0	-278
Assets reclassified	42,648	-1,156	0	-1,795	-39,973	0	-276
Cost or valuation as at 31 March	284,409	23,623	435	1,762	17,462	195,000	522,690
Depreciation and Impairment as at 1 April	-1,146	-10,603	-177	0	0	0	-11,925
Depreciation charge	-4,243	-2,099	-67	0	0	-4,536	-10,945
Depreciation and impairment written out to the Revaluation Reserve	2,856	0	0	0	0	0	2,856
Depreciation and impairment written out to the Surplus / Deficit on Provision of Services	1,414	0	0	0	0	4,536	5,950
Derecognition - disposals	92	14	0	0	0	0	105
Derecognition - other	0	278	0	0	0	0	278
Assets reclassified	0	726	0	0	0	0	726
Depreciation and impairment as at 31 March	-1,027	-11,684	-244	0	0	0	-12,955
Net book Value at 31 March 2025	238,562	13,184	258	3,740	49,331	249,476	554,551
Net book Value at 31 March 2026	283,383	11,939	191	1,762	17,462	195,000	509,736

Notes to the Financial Statements

2024/25	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Croxley Park Finance Lease Asset	Total Property Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation as at 1 April	237,955	23,840	400	5,207	36,869	277,000	581,271
Additions	929	1,426	35	1,222	12,462	2,252	18,325
Revaluation increases (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	41,858	41,858
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	9,737	0	0	-38	0	-55,483	-45,783
Impairments	-5,235	0	0	-12	0	-16,150	-21,397
Derecognition - disposals	0	-185	0	0	0	0	-185
Derecognition - other	0	-15	0	-506	0	0	-521
Assets reclassified	0	-1,280	0	0	0	0	-1,280
Other movements in cost or valuation	-3,679	0	0	-2,133	0	0	-5,812
Cost or valuation as at 31 March	239,708	23,787	435	3,740	49,331	249,476	566,477
Depreciation and Impairment as at 1 April	-73	-9,601	-115	0	0	0	-9,789
Depreciation charge	-4,980	-2,285	-62	0	0	-4,946	-12,273
Depreciation and impairment written out to the Revaluation Reserve	3,887	0	0	0	0	4,946	8,833
Derecognition - disposals	0	4	0	0	0	0	4
Derecognition - other	0	1,280	0	0	0	0	1,280
Assets reclassified	20	0	0	0	0	0	20
Depreciation and impairment as at 31 March	-1,146	-10,603	-177	0	0	0	-11,925
Net book Value at Balance at 31 March 2024	237,882	14,239	285	5,207	36,869	277,000	571,482
Net book Value at 31 March 2025	238,562	13,184	258	3,740	49,331	249,476	554,551

24. Movement in the value of Heritage Assets

2024/25		2025/26				
Total		Musical Instrument	Statues, sculptures and war memorials	Works of Art	Civic Regalia	Total
£'000		£'000	£'000	£'000	£'000	£'000
2,776	Cost or Valuation at 1 April	400	647	1,525	121	2,693
-82	Revaluation decreases recognised in the revaluation reserve	0	0	0	0	0
2,694	Cost or Valuation at 31 March	400	647	1,525	121	2,693

25. Movement in the value of Investment Properties

	2024/25	2025/26
Investment Properties	£'000	£'000
Opening Balance at 1 April	35,585	33,050
Additions	13	0
Derecognition	-3,050	0
Net gain (+) / losses from fair value adjustments	502	1,075
Assets reclassified to / from Investment Properties	0	0
Other changes	0	0
Closing balance at 31 March	33,050	34,125

26. Capital Expenditure, Financing and Commitments

	2024/25	2025/26
Capital Financing	£'000	£'000
Capital Financing Requirement as at 1 April	315,296	357,675
Capital Investment:		
Property, Plant and Equipment	4,607	14,960
Increase in CFR Due to Lease Remeasurement	41,858	11,222
Assets under construction	12,462	8,104
Infrastructure Assets	35	0
Intangible Assets	0	0
Investment Property	13	0
Revenue Expenditure Funded from Capital Under Statute	3,224	3,492
Surplus Assets	1,222	82
Long Term Debtors	41	2,868
	63,462	40,728
Sources of Finance:		
Capital receipts	-4,385	-7,645
Government Grants and Other Contributions (including S106)	-11,733	-9,296
Capital Expenditure funded from the Revenue Account	-2,535	-7,943
Repayment of loans treated as capital receipts	-182	-4,469
Minimum Revenue Provision	-2,248	-2,439
	-21,083	-31,792
Increase (+) / decrease (-) in Capital Financing Requirement	42,379	8,936
Capital Financing Requirement at 31 March	357,675	366,611

During 2025/26, the authority has entered into a number of contractual commitments at a cost of £3.219M. The major schemes were the warm homes local grant (£1.38M) and the refurbishment of the town hall (£0.292M).

27. Leases

Authority as lessee

The Council has acquired Croxley Business Park under a Finance Lease. This asset is carried as property, plant and equipment in the Balance Sheet at the following net amounts:

Council as Lessee - Carrying Amounts of Asset	2024/25	2025/26
	£'000	£'000
Croxley Business Park - NBV	249,477	195,000
Total	249,477	195,000

Right-of-use Assets

This table shows the change in value of right-of-use assets held under leases by the authority:

Council as Lessee - Right of Use Assets	Croxley Business Park £000
Balance at 1 April 2025	249,476
Additions	7,849
Revaluations	-62,325
Balance at 31 March 2025	195,000

Transactions under leases

Transactions Under Leases	2024/25 £000	2025/26 £000
Operating Leases		
Interest Expense on Lease Liabilities	6,130	6,283
Income from subletting right of use assets	-11,073	-11,023
Cash flow statement		
Minimum Lease Payments	10,956	11,442

Maturity analysis of lease liabilities

Maturity Analysis of Lease Liabilities	2024/25 £000	2025/26 £000
Less than one year	10,956	11,442
One to 5 Years	43,823	45,769
More than 5 Years	321,197	324,019
Total Undiscounted Liabilities	375,975	381,230

The authority as lessor

The Council leases out property under operational leases for the following purposes:

- For the provision of community services such as sports facilities and community centres
- For economic development purposes and to provide suitable accommodation for local businesses

Maturity analysis of lease receivables

The lease receivables are due to be collected at the following time bands (measured at the undiscounted amounts of expected cash receipts):

Maturity Analysis of Lease Receivables	2024/25	2025/26
	Land and buildings £'000	Land and buildings £'000
Less than one year	20,362	19,625
One to two years	19,348	19,112
Two to three years	18,843	17,593
Three to four years	17,352	15,996
Four to Five Years	15,881	14,121
More than 5 years	2,200,327	2,593,889
Total:	2,292,113	2,680,334

28. Long Term Debtors

	As at 31	As at 31
	March 2025 £'000	March 2026 £'000
Watford Health Campus Loan	9,460	7,541
Hart Homes Loan - LTD	11,129	11,037
Hart Homes Loan - LLP	0	0
Watford Health Trust Loan	1,900	1,800
Watford Muslim Youth Loan	150	150
Everyone Active Loan	159	144
YMCA Loan	14	14
Watford BID Loan	50	0
Charges Registered to Properties	301	312
Total	23,164	20,999

29. Short-Term Debtors

	As at 31 March 2025 £'000	As at 31 March 2026 £'000
Government Departments	1,154	6,654
Other Local Authorities	3,227	4,011
Health Authorities	0	0
Payments in Advance	436	1,670
Public Corporations	0	0
Other Entities & Individuals	16,420	15,392
	21,237	27,726
Less Impairment Allowance Account	-10,214	-10,554
Total	11,023	17,172

30. Assets Held for Sale

	2024/25 £'000	2025/26 £'000
Balance at 1 April	0	5,792
Transfers from PPE	5,792	-324
Disposals	0	-1,137
Balance at 31 March	5,792	4,331

31. Creditors

	As at 31 March 2025 £'000	As at 31 March 2026 £'000
Receipts in Advance	-3,692	-2,888
Creditors		
Government Departments	-2,643	-2,774
Other Local Authorities	-1,813	-400
Health Authorities	0	0
Other Entities & Individuals	-6,977	-9,831
	-11,433	-13,004
Short Term Creditors and RIA	-15,125	-15,893
Long Term Receipts in Advance	0	0
Total	-15,125	-15,893

32. Cash and Cash Equivalents

	As at 31 March 2025 £'000	As at 31 March 2026 £'000
Cash at bank and in hand	2,479	899
Call Accounts	9,000	3,930
Money Market Funds	0	0
Total	11,479	4,829

33. Short Term Investments

	As at 31 March 2025 £'000	As at 31 March 2026 £'000
Short Term Deposits	15,705	10,002
	15,705	10,002

34. Financial Instruments

As at 31 March 2025		Financial Assets	As at 31 March 2026	
Short Term £000	Long Term £000		Short Term £000	Long Term £000
Carried at Amortised Cost				
11,479	0	Cash and Cash Equivalents	4,829	0
15,705	0	Investments	10,002	0
10,588	23,164	Debtors	15,503	20,999
37,772	23,164	Total at Amortised Cost	30,334	20,999
Carried at Fair Value through Profit & Loss				
0	0	Investments	0	0
0	2,420	Equity	0	2,420
0	2,420	Total at Fair Value through Profit and Loss	0	2,420
436	0	Non-Financial Assets*	1,670	0
38,208	25,584	Total	32,004	23,419

As at 31 March 2025		Financial Liabilities	As at 31 March 2026	
Short Term £000	Long Term £000		Short Term £000	Long Term £000
Carried at Amortised Cost				
-6,367	-16,250	Borrowing	-9,967	-26,500
-11,433	0	Creditors	-13,004	0
-17,800	-16,250	Total at Amortised Cost	-22,971	-26,500
-3,692	-1,475	Non-Financial Liabilities*	-2,888	-864
-21,492	-17,725	Total	-25,860	-27,364

*Non-Financial Assets and Liabilities are made up short or long term payments/receipts in advance.

Financial Instruments – Carrying Values

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at Amortised Cost. Their Fair Value can be assessed by calculating the Present Value of the cashflows that will take place over the remaining term of the instruments using the following assumptions.

Where an instrument will mature in the next 12 months, the carrying amount is assumed to be the approximate Fair Value.

The Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Balance Sheet includes the following financial instruments:

- Creditors
- Debtors
- Cash and Cash Equivalent Investments
- Investments carried at Amortised Cost
- Investments Carried at Fair Value through Profit and Loss
- Finance Leases

Financial Assets	Fair Value Level	Balance Sheet As at 31 March 2025 £'000	Fair Value As at 31 March 2025 £'000	Balance Sheet As at 31 March 2026 £'000	Fair Value As at 31 March 2026 £'000
Financial assets held at amortised cost:					
Long Term Debtors to Third Parties	2	23,164	20,032	20,999	17,748
Total		23,164	20,032	20,999	17,748
Assets for which fair value is not disclosed *		38,208		32,003	
Total Financial Assets		61,372		52,985	
Recorded on balance sheet as:					
Short Term Debtors		11,023		17,172	
Short Term Investments		15,705		10,002	
Cash and cash equivalents		11,479		4,829	
Long Term Debtors		23,164		20,999	
Total Financial Assets		61,372		53,002	

*The fair value of short-term financial Assets including trade payables is assumed to approximate to the carrying amount.

Financial Liabilities	Fair Value	Balance Sheet	Fair Value	Balance Sheet	Fair Value
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	Value Level	As at 31 March 2025 £'000	As at 31 March 2025 £'000	As at 31 March 2026 £'000	As at 31 March 2026 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	16,250	14,278	26,500	24,849
Total		16,250	14,278	26,500	24,849
Liabilities for which fair value is not disclosed *		307,069		293,101	
Total Financial Liabilities		323,319		319,601	
Recorded on balance sheet as:					
Short-term creditors		20,061		21,169	
Short-term borrowing		6,367		9,967	
Short-term provisions		2,867		2,974	
Long-term borrowing		16,250		26,500	
Long-term creditors		277,774		258,990	
Total Financial Liabilities		323,319		319,601	

*The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

Material Soft Loans made by the Authority

Loan to YMCA

The Council made an interest free loan of £124,000 to YMCA in 1977. This is deemed to be a material soft loan.

Charges Registered to Properties

The Council has incurred expenditure to improve the quality of private sector housing stock. These include assistance to individual homeowners and the cost of delivering improvements under enforcement actions against private landlords. These amounts are deemed to be loans and are recoverable by way of a financial charge against the individual properties. These loans are generally interest free, or otherwise below markets, and whilst individual amounts are of a low value they are considered to be material soft loans in their totality.

Material Soft Loans	As at 31 March 2025 £000	As at 31 March 2026 £000
Opening Balance	244	254
Notional value of new loans granted in the year	7	11
Fair Value Adjustment on initial recognition	-2	-12
Loans Repaid	-3	0
Impairment Losses	0	-1
Increase in discounted amount	8	7
Other changes	1	7
Closing Balance	255	266
Nominal Value at 31 March	478	480

Valuation Assumptions

The interest rate at which the fair value of the YMCA soft loan has been made is arrived at by taking the authority's prevailing cost of borrowing (6.89%) and adding an allowance for the risk that the loan might not be repaid by YMCA, in this case a zero rate.

For the soft loans in respect of Charges Registered to Properties the prevailing cost of borrowing is based on the average PWLB in the year of advance, for a loan of equal duration to the period for which the charge can be enforced (for time-limited charges) and 25 years for charges without expiration dates.

Financial Instruments – Income, Expenses, Gains or Losses

2024/25		2025/26 Financial Liabilities	2025/26 Financial Assets			2025/26 Total £'000
			At Amortised Cost £'000	At Amortised Cost £'000	At Fair Value through Other Comprehensive Income £'000	
1,105	Interest Expense	947			0	947
3	Fee expense	7			0	7
1,108	Total expense in Surplus or Deficit on the Provision of Services	954	0	0	0	954
-2,396	Interest Income		-1,504		0	-1,504
	Interest income accrued on impaired financial assets					
-750	Dividend Income				-288	-288
-3,146	Total income in Surplus or Deficit on the Provision of Services	0	-1,504	0	-288	-1,792
-2,039	Net gain (-) / loss (+) for the year	954	-1,487	0	-288	-837

35. Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Disclosure of Nature and Extent of Risks arising from Financial Instruments

Long term debtors comprise loans and finance leases. Short term creditors and debtors arise from charges to and from the Council for goods and services, and short term investments are those made in cash for less than twelve months. These instruments are carried on the balance sheet at amortised cost, which represents their fair value.

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

- **Liquidity risk:** the possibility that the Council might not have funds available to meet its commitments to make payments
- **Market risk:** the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements
- **Credit risk:** the possibility that other parties might fail to pay amounts due to the Council

Liquidity Risk

This is the possibility that the Council might not have funds available to meet its commitments to make payments. The Council manages its liquidity position through stringent risk management procedures (the setting and approval of Prudential Indicators and the approval of Treasury and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

As at 31 March 2025	Maturity Profile	Balance at 31 March 2026
£000		£000
6,250	Less than 1 year	2,500
5,000	Between 1 and 2 years	2,500
11,250	Between 2 and 5 years	31,250
0	More than 5 years	0
22,500		36,250

Market Risk

This is the possibility that financial loss might arise for the Council as a result 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. A Treasury Management Strategy is formally approved annually by the Council. This identifies all treasury risks and forms the basis of the day-to-day operating guidance applied by the Treasury Accountant when making decisions on placing any surplus funds (i.e. to whom, for how long, for how much, etc.).

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 charged to the surplus or deficit on the provision of services will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

As at 31 March 2025	Sensitivity Analysis	Balance at 31 March 2026
£000		£000
90	Investments - 1% Increase	39
0	Borrowings - 1% Increase	0
90	Net impact on CIES	39

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

Credit Risk

Credit risk arises from deposits with banks and building societies as well as credit exposure to the Council's customers. The treasury policy at present allows the Council to invest with the main UK Banks and Building Societies, with a FITCH rating of F1 or higher, up to a maximum value of £5m with any one institution. Once again this evidences our prudent approach to lending of surplus funds.

The maturity analysis of financial treasury investments is as follows:

As at 31 March 2025	Maturity Profile	Balance at 31 March 2026
£000		£000
24,700	Less than 1 year	10,000
0	More than 1 year	0
24,700		10,000

The following analysis summarises the Council's aged debtors, by due date as at 31st March 2025:

Aged Debtors	As at 31 March 2025 £000	Balance at 31 March 2026 £000
Less than 3 months	172	222
Between 3 and 6 months	273	129
Between 6 month and 1 year	128	110
More than 1 year	2,150	2,330
Total	2,723	2,792

36. Provisions

Provisions are accumulated funds held where the Council has an obligation which is likely to lead to a payment as a result of a past event, but the exact amount and/or timing of the payment is unknown.

	Balance at 31 March 2025 £'000	Additional provisions made in 2025/26 £'000	Amounts used in 2025/26 £'000	Unused amounts reversed in 2025/26 £'000	Balance at 31 March 2026 £'000
MMI Insurance	-48	0	0	0	-48
Business Rates	-2,819	-4,046	3,779	160	-2,926
Total	-2,867	-4,046	3,779	160	-2,974

	Balance at 31 March 2024 £'000	Additional provisions made in 2024/25 £'000	Amounts used in 2024/25 £'000	Unused amounts reversed in 2024/25 £'000	Balance at 31 March 2025 £'000
MMI Insurance	-48	0	0	0	-48
Redundancy Provision	-80	0	80	0	0
Business Rates	-4,471	0	3,305	-1,653	-2,819
Total	-4,599	0	3,385	-1,653	-2,867

Municipal Mutual Insurance

Under Watford Borough Council's agreement with its previous insurer Municipal Mutual Insurance (MMI), the Council is exposed to the possibility of having to repay all or part of its claims already settled, or to be settled, by MMI. The Council believes the provision is prudent.

NNDR (Business Rates) Appeals

The NNDR Appeals provision has arisen because of the change to the NNDR regime. All business premises can appeal their valuation, set by the Valuation Office, which is used for setting the level of rates payable. Until the appeal is heard and decided a provision is estimated to cover the likely outcome.

37. Movement in Useable Reserves

	31 March 2025	31 March 2026
Usable Reserves	£'000	£'000
General Fund	-3,954	-4,729
Earmarked Reserves	-80,948	-67,840
Useable Capital Receipts Reserve	-1,816	0
Capital Grants and Contributions Reserve	-15,914	-13,237
	-102,633	-85,807

38. General Fund

The General Fund balances are resources available to meet future running costs. The unallocated accumulated balances on the General Fund is set out below:

	2024/25	2025/26
	£'000	£'000
Balance at 1 April	-2,008	-3,954
Net increase / decrease before transfers to Earmarked Reserves	6,554	12,333
Transfer to / from Earmarked Reserves	-8,500	-13,108
	-3,954	-4,729

39. Earmarked Reserves

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

For each Reserve established the Council identifies:

- the reason/purpose of the reserve
- how and when the reserve can be used
- procedures for the management and control of the reserve

a process and timescale for review and to ensure continuing relevance and adequacy.

	Balance at 31 March 2024 £'000	In year Movement 2024/25 £'000	Balance at 31 March 2025 £'000	In year Movement 2025/26 £'000	Balance at 31 March 2026 £'000
Budget Carry Forward	-29	-48	-77	-47	-124
Car Parking Zones	-613	-167	-780	-151	-931
Collection Fund	-3,271	-611	-3,882	-639	-4,521
Crematorium	-150	0	-150	0	-150
Economic Impact Reserve	-701	497	-203	0	-203
Housing Benefit Subsidy	-623	623	0	0	0
Housing Planning Delivery Grant	-266	0	-266	0	-266
Leisure Structured Maintenance	-57	0	-57	0	-57
Local Development Framework	-178	0	-178	0	-178
Multi-Storey Car Park Repair	-181	0	-181	0	-181
Pension Funding	-648	200	-448	200	-248
Redundancy Reserve	-58	58	0	0	0
Grants and Contribution Reserve	-869	-380	-1,249	-45	-1,294
Commercial Risk Reserve	-6,165	2,170	-3,994	2,564	-1,430
Sustainability Reserve	-436	63	-373	51	-322
Croxley Park General Reserve	-74,408	5,897	-68,511	11,978	-56,533
Renewal Recovery Fund	-68	68	0	0	0
Vehicle Replacement Reserve	-23	0	-23	23	0
Grounds Maintenance	-14	0	-14	0	-14
Performance Reward Grant	-141	0	-141	0	-141
HB Equalisation Reserve	-411	130	-280	464	184
S.106 Reserve	-139	0	-139	0	-139
Colosseum Reserve				-1,291	-1,291
Total Earmarked Reserves	-89,448	8,500	-80,945	13,108	-67,840

40. Capital Receipts Reserve

The Usable Capital Receipts Reserve holds capital receipts from the sale of assets which have been received and have not yet been applied.

	2024/25	2025/26
	£'000	£'000
Balance at 1 April	-485	-1,816
Net receipts from sale of assets	-5,216	-5,829
Net receipts from repayment of loans	-182	-4,319
Transfer from deferred capital receipts reserve	500	0
Receipts applied to finance capital expenditure	4,567	12,114
Balance at 31 March	-1,816	0

Capital Receipts generated in-year are analysed below.

Net Capital Receipts from the sale of assets	2024/25	2025/26
	£'000	£'000
Marriot House	2,750	
50 - 54 Balmoral Road	535	
IZN Site, Riverwell	1,613	
Sutton Road Car Park		3,604
York House		2,215
Other receipts from the sale of assets under £500,000	318	9
Total	5,216	5,829

41. Capital Grants Unapplied Reserve

	2024/25	2025/26
	£'000	£'000
Balance at 1 April	-12,417	-15,914
Applied during the year	11,733	9,296
Recognised as income but not applied during the year	-15,230	-9,303
Released to Revenue		2,684
Balance at 31 March	-15,914	-13,237

42. Movement in Unusable Reserves

	31 March 2025	31 March 2026
	Restated	
Unusable Reserves	£000	£000
Pensions Reserve	25,143	1,093
Revaluation Reserve	-119,740	-131,356
Capital Adjustments Account	-141,358	-74,707
Financial Instruments Adjustment Account	224	222
Collection Fund Adjustment Account	2,266	3,657
Accumulated Absences Account	241	191
Deferred Capital Receipts	-714	-8
Total	-233,938	-200,910

43. Capital Adjustment Account

2024/25 Restated £'000	Capital Adjustment Account	2025/26 £'000	£'000
-154,952	Balance as at 1 April		-141,357
	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
12,273	Charges for depreciation for non-current assets	10,945	
185	Charges for impairment for non-current assets	1,015	
21,397	Revaluation losses / subsequent gains on Property, Plant and Equipment	84,668	
3,224	Revenue Expenditure funded from capital under statute	3,492	
517	Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on derecognition	4,291	
37,595			104,411
	Adjusting amounts written out of the Revaluation Reserve:		
-2,293	Difference between fair value depreciation and historical cost depreciation	-1,802	
-3,354	Accumulated gains on assets sold or scrapped	-6,856	
-5,648			-8,658
	Capital Financing applied in year:		
-3,885	Use of the Capital Receipts Reserve to finance new capital expenditure	-7,645	
-11,733	Application of grants to capital financing from the Capital Grants Unapplied account	-9,296	
-682	Repayment of loans treated as capital receipts	-4,469	
-2,248	Statutory provision for the financing of capital investment charged against the General Fund balance	-2,439	
-2,535	Capital expenditure charged against the General Fund balance	-7,943	
-21,083			-31,792
	Movements in the market value of Investment Properties debited or credited to the CIES		
-502			-1,075
3,050	Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition		0
182	Repayment of loans treated as capital receipts		3,763
-141,357	Total Balance at 31 March		-74,707

The Capital Adjustment Account absorbs the timing differences arising from different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the CI&ES (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amount set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The statutory provision for the financing of capital investment charged against the General Fund balance includes a Voluntary Revenue Provision [VRP] of £1.232m related to the Croxley Business Park [CBP]

Finance Lease CFE. The cumulative VRP for CBP was £2.481m as at 31 March 2026 (£1.249m 2024/25).

44. Revaluation Reserve

2024/25		Revaluation Reserve	2025/26	
£'000	£'000		£'000	£'000
	-162,420	Balance as at 1 April		-119,740
28,199		Revaluation of assets	-23,130	
8,833		Write back of accumulated depreciation on revaluations	2,856	
	37,032	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services		-20,274
2,293		Difference between fair value depreciation and historical cost depreciation	1,802	
3,354		Accumulated gains on assets sold or scrapped	6,856	
	5,648	Amounts written off to the Capital Adjustment Account		8,658
	-119,740	Total Balance at 31 March		-131,356

45. 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 payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. For further details see the Collection Fund Notes within the supplementary financial statements.

Collection Fund Adjustment Account	2024/25	2025/26
	£'000	£'000
Balance as at 1 April	3,170	2,266
Decrease in Council Tax and Business Rate surpluses/increases in deficits	-84	22
Increases in Council Tax and Business Rate surpluses/reductions in deficits	-821	1,368
Amount by which Council Tax and Business Rate income credited to the CIES is different from the income for the year calculated in accordance with statutory requirements	-904	1,390
Balance as at 31 March	2,266	3,657

46. Accumulated Absences Account

	2024/25	2025/26
Accumulated Absences Account	£'000	£'000
Balance as at 1 April	238	241
Settlement or cancellation of previous year's accrual	-238	-241
Amount accrued at the end of the current year	241	191
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute	3	-50
Balance as at 31 March	241	191

47. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CI&ES as the benefits are earned by employees accruing years of service, updating the liability recognised to reflect inflation, charging assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employers contributions to pension funds or eventually pays any pension 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 resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25	2025/26
Pension Reserve	£'000	£'000
Balance as at 1 April	7,016	25,143
Net charge made for retirement benefits in accordance with IAS19	-1,849	673
Remeasurements of the new defined liability	19,976	-24,723
Balance as at 31 March	25,143	1,093

48. Financial Instruments Adjustment Account

	2024/25	2025/26
Financial Instruments Adjustment Account	£'000	£'000
Balance as at 1 April	231	224
Fair Value Adjustments - New Soft Loans Advanced	2	12
Amortisation of Fair Value Adjustment	-8	-7
Fair Value Adjustment Reversed on Repayment	-1	-7
Fair Value Adjustment Reversed in Relation to unrecoverable balances	0	-1
Balance as at 31 March	224	222

49. Deferred Capital Receipts

	2024/25 Restated £'000	2025/26 £'000
Balance at 1 April	-1,214	-714
Realised Receipts Transferred to Capital		
Receipts Reserve	500	706
Balance at 31 March	-714	-8

50. Notes to the Cashflow Statement

Non-cash Movements	2024/25 £'000	2025/26 £'000
Depreciation/amortisation of fixed assets	-12,273	-10,945
Impairment charges/revaluation losses (-)		
Gains (+)	-21,582	-85,682
Retirement benefit adjustments	1,849	-673
Other financial instrument adjustments	6	2
Provisions set aside in the year	1,732	-107
Movement in value of investment properties	502	1,075
Carrying amount of non-current asset sold	-3,567	-4,291
Transfers from Capital Grants Receipts in Advance	410	1,594
Other non cash adjustment	-10	-265
Increase/decrease(-) in debtors	-1,915	3,146
Increase(-)/decrease in creditors	1,929	-471
Total adjustments for non-cash movements	-32,918	-96,619

Investing Activities	2024/25 £'000	2025/26 £'000
Purchase of property, plant and equipment, investment property and intangible assets	18,338	23,146
Purchase of short-term and long-term investments	3,655,400	621,250
Other payments for investing activities	41	2,619
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-5,231	-5,829
Capital grants	-16,148	-8,703
Proceeds from short-term and long-term investments	-3,696,700	-626,950
Other receipts from investing activities	678	-4,469
Total adjustments for investing activities	-43,622	1,064

Financing Activities	2024/25 £'000	2025/26 £'000
Cash receipts of short- and long-term borrowing	-7,500	-20,000
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet service concession arrangements	4,728	5,005
Repayments of short- and long-term borrowing	33,250	6,250
Other payments for financing activities	483	2,561
Total adjustments for financing activities	30,961	-6,184

51. Contingent Assets

WBC are the beneficiaries of a restrictive covenant on the land owned by the Diocese of St Albans, Christ Church Vicarage, Leggatts Way, Watford. The Diocese has obtained planning permission and have a developer into who intend to purchase the site. Upon sale, WBC will receive £380K for release of the covenant.

Overage Agreements:

An overage agreement is a type of contract where the seller will be paid extra by the buyer if specified events happen within a specified timescale.

The Council has entered into Overage Agreements related to the following properties:

- Gade House, 38-46 The Parade, Watford
- 252, 256 & 268A High Street, Watford
- Sutton Road Car Park

52. Contingent Liabilities

At 31 March 2026, the Council had no material contingent liabilities.

53. Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

This account reflects the statutory requirement for the Council, as the billing authority, to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (Business Rates).

2024/25			2025/26		
National Non- Domestic Rates £000	Council Tax £000	Total £000	National Non- Domestic Rates £000	Council Tax £000	Total £000
Income Receivable:					
0	-80,034	-80,034		-84,389	-84,389
-62,232	0	-62,232	-67,275		-67,275
-3,037	0	-3,037			0
Business rates - contribution towards previous year's deficit:					
0	0	0			
-902	-100	-1,002	-722	-1	-723
-225	-545	-770	-181	-8	-189
0	-81	-81		-1	-1
-1,127	0	-1,127	-903		-903
-67,523	-80,760	-148,283	-69,081	-84,399	-153,480
Expenditure:					
Precepts and demands:					
27,411	10,644	38,055	28,100	10,998	39,098
6,853	59,899	66,752	7,025	63,093	70,118
0	8,919	8,919		9,447	9,447
34,264	0	34,264	35,124		35,124
Charges to the Collection Fund:					
930	689	1,619	185	1,041	1,226
-4,130	0	-4,130	268		268
143	0	143	143		143
0	0	0	1,657		1,657
65,471	80,151	145,622	72,502	84,579	157,081
-2,052	-609	-2,661	3,421	180	3,601
7,689	692	8,381	5,637	83	5,720
5,637	83	5,720	9,058	263	9,321
Fund Balance Allocation (indicative):					
2,255	11	2,266	3,623	33	3,656
564	63	627	906	200	1,106
	9	9		30	30
2,819		2,819	4,529		4,529

CF 1 Council Tax Payers

The charge for council tax is based on the total number of dwellings in each of eight bands at 1 April 1991 valuations. This is adjusted for dwellings where discounts or exemptions apply and is converted into an “equivalent number of Band D dwellings” where bands below Band D will pay proportionately less than dwellings in higher bands. A further adjustment is made for losses on collection and contributions in lieu of tax in respect of certain government properties. The table below sets out the calculation of the Council Tax Base for 2025/26:

2024/25		2025/26					
Equivalent Number of Band D Dwellings	Valuation Band	Total Number of Dwellings in Band	Discounts, Exemptions & Disabled Relief	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings	
1	A (Disabled Relief)	2	0	2	5/9	1	
233	A	446	-59	387	6/9	258	
3,034	B	4,384	-1,135	3,249	7/9	2,527	
10,944	C	15,588	-2,793	12,794	8/9	11,373	
11,840	D	13,990	-1,752	12,238	9/9	12,238	
4,139	E	3,824	-349	3,474	11/9	4,246	
2,915	F	2,169	-140	2,029	13/9	2,931	
3,018	G	1,906	-91	1,814	15/9	3,024	
156	H	81	-5	76	18/9	153	
36,280		42,388	-6,323	36,065		36,751	
-1,088	Less Allowance for losses on collection					-1,103	
35,191	Tax Base for Calculation of Council Tax					35,648	
35,191	Council Tax Base for the year					35,648	

Each year, the Council needs to collect enough money from local residents to cover the cost of the services it provides which is not funded by government grants and charges for services. It also collects charges for Hertfordshire County Council and the Hertfordshire Police. The total is divided by the tax base for the purposes of calculating the council tax to arrive at an average Band D tax per dwelling.

The Council set an average council tax charge for Band D dwellings of £2,343.38 (£2,226.30 for 2024/25).

CF 2 Business Rate Payers

In line with the Local Government Act 2003, from 1 April 2005, all business premises are subject to a tax known as National Non-Domestic Rates (NNDR). The tax is calculated using local rateable values which are then multiplied by a uniform rate.

2024/25		2025/26
£000		£000
156,273	Total Non-Domestic Rateable Value as at 31 March	157,651
Pence		Pence
54.6	National Non-Domestic Rate Multiplier - Standard	55.5
49.9	National Non-Domestic Rate Multiplier - Small Business	49.9

Group Movement in Reserves Statement

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants and Contb'ns Unapplied	Share of Joint Venture Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 Restated		-2,008	-89,448	-485	-12,417	-465	-104,824	-307,931	-412,755
Movement in reserves during 2024/25									
Total Comprehensive Income and Expenditure		18,712	0	0	0	0	18,712	57,008	75,720
Adjustments between accounting basis and funding basis under statutory provisions	9	-12,158	0	-1,331	-3,497	0	-16,985	16,985	0
Adjustments primarily involving the share of Joint Venture Reserve		0	0	0	0	478	478	0	478
Transfers to / from earmarked reserves	39	-8,500	8,500	0	0	0	0	0	0
Increase (-) or Decrease (+) In Year		-1,947	8,500	-1,331	-3,497	478	2,204	73,994	76,198
Balance at 31 March 2025		-3,954	-80,948	-1,816	-15,914	13	-102,620	-233,937	-336,557
Movement in reserves during 2025/26									
Total Comprehensive Income and Expenditure		94,851	0	0	0	0	94,851	-44,997	49,854
Adjustments between accounting basis and funding basis under statutory provisions	9	-82,518	0	1,816	2,677	0	-78,025	78,025	0
Adjustments primarily involving the share of Joint Venture Reserve						319	319	0	319
Transfers to / from earmarked reserves	39	-13,108	13,108	0	0	0	0	0	0
Increase (-) or Decrease (+) In Year		-775	13,108	1,816	2,677	319	17,145	33,028	50,173
Balance at 31 March 2026		-4,729	-67,840	0	-13,237	332	-85,475	-200,909	-286,384

Group Comprehensive Income and Expenditure Statement

2024/25				2025/26		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
1,760	0	1,760	Democracy & Governance	1,781	0	1,781
57,313	-27,682	29,631	Place	113,560	-33,635	79,925
1,332	-51	1,280	Corporate Strategy & Comms	1,115	-41	1,074
961	-312	649	Human Resources	1,235	-617	618
19,829	-6,067	13,761	Corporate, Housing and Wellbeing	33,812	-5,795	28,017
31,787	-27,958	3,829	Strategic Finance	27,933	-23,959	3,973
-187	0	-187	Other Costs	1,591	0	1,591
112,795	-62,071	50,724	Cost of Services	181,026	-64,047	116,979
-1,665	0	-1,665	Other Operating Expenditure	-1,537	0	-1,537
6,832	-5,390	1,442	Financing and Investment Income and Expenditure	7,911	-3,787	4,124
0	-31,789	-31,789	Taxation and Non-Specific Grant Income	0	-24,715	-24,715
117,961	-99,250	18,712	Surplus (-) or Deficit (+) on Provision of Services	187,400	-92,549	94,851
		478	Share of Surplus (-)/ Deficit (+) in relation to Joint Ventures			319
		19,190	Group Surplus (-) or Deficit (+) on Provision of Services			95,170
			Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services			
		37,032	Surplus or Deficit on revaluation of non-current assets			-20,274
		19,976	Remeasurements of the net defined benefit liability (asset)			-24,723
		57,008				-44,997
		57,008	Other Comprehensive Income and Expenditure			-44,997
		76,198	Total Comprehensive Income and Expenditure			50,173

Group Balance Sheet

As at 31 March 2025 Restated £'000		Notes	As at 31 March 2026 £'000
	Long Term Assets		
554,551	Property, Plant and Equipment	23	509,736
33,050	Investment Property	25	34,125
2,693	Heritage Assets	24	2,693
2,407	Long Term Investments	34	2,088
23,164	Long Term Debtors	28	20,999
615,866	Total Long Term Assets		569,640
	Current Assets		
5,792	Assets Held for Sale	30	4,331
11,023	Debtors	29	17,172
11	Stock		11
15,705	Short Term Investments	33	10,002
11,479	Cash and Cash Equivalents	32	4,829
44,011	Total Current Assets		36,345
	Current Liabilities		
-6,367	Short Term Borrowing	34	-9,967
-15,125	Short Term Creditors and Revenue Receipts in Advance	31	-15,893
-4,936	Short Term Finance Liability	27	-5,277
0	Short Term Capital Grants Receipts in Advance		
-26,428	Total Current Liabilities		-31,137
	Long Term Liabilities		
-1	Long Term Creditors and Revenue Receipts in Advance		0
-2,867	Provisions due over one year	36	-2,974
-16,250	Long Term Borrowing	34	-26,500
-25,143	Pension Liability	19	-1,093
-251,156	Long Term Finance Liability	27	-257,033
-140	Deferred Income		-130
-1,334	Long Term Capital Grants Receipts in Advance		-734
-296,891	Total Long Term Liabilities		-288,464
336,557	Net Assets (+) / Net Liabilities (-)		286,384
	Financed from:		
-102,620	Usable Reserves	37-41	-85,475
-233,937	Unusable Reserves	42-51	-200,910
-336,557	Total Reserves		-286,384

Group Cashflow

2024/25 £'000		Notes	2025/26 £'000
19,190	Net (surplus) or deficit on the provision of services		95,170
-32,918	Adjust net surplus or deficit on the provision of services for non-cash movements	50	-96,619
19,573	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	50	13,219
5,845	Net cash flows from Operating Activities		11,771
-43,622	Investing activities	50	1,064
30,961	Financing activities	50	-6,184
-6,816	Net increase (-) or decrease (+) in cash and cash equivalents		6,650
4,662	Cash and cash equivalents at the beginning of the reporting period		11,479
11,478	Cash and cash equivalents at the end of the reporting period		4,829

1. The Group Accounting Policies

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2025/26 using the equity method for Joint Ventures under International Accounting Standard 28, Interests in Joint Ventures, and using the line-by-line consolidation method for subsidiaries under International Accounting Standard 27, Consolidated and Separate Financial Statements. There are no material subsidiaries or associated organisations excluded from the Group Accounts. There are no material differences in the accounting policies of the Council or any of the companies or organisations forming part of the Group Accounts.

Cross references to notes on the single entity accounts are to be used for material balances on the group accounts.

2. Watford Borough Council's share of Joint Venture Companies within the Group

2024/25			2025/26	
Watford Health Campus Partnership LLP	Hart Homes (Watford) Limited		Watford Health Campus Partnership LLP	Hart Homes (Watford) Limited
£'000	£'000		£'000	£'000
-11,937	-463	Revenue	-5,467	-464
11,700	0	Cost of Sales	4,918	0
190	245	Administrative Expenses	176	438
81	240	Finance Cost	193	239
0	22	Taxation	0	0
34	44	Profit (-) / Loss (+) for the period	-181	212
0	7,632	Property, Plant and Equipment	0	7,532
1,687	0	Project under Development	1,280	0
6,178	0	Work in Progress (Current Assets)	6,955	0
50	0	Contract Asset	70	
212	110	Debtors (Current Assets)	1,828	21
4,195	196	Cash and Cash Equivalents (Current Assets)	22	131
0	0	Bank Loan	0	
-2,181	0	Contract Liability	0	
-1,013	-72	Creditors (Current Liabilities)	-1,590	-68
0	0	Members' Loans	-3,758	0
-8,973	-5,633	Creditors (Long term liabilities)	-4,758	-5,596
155	2,233	Net Assets	48	2,021

3. Related Party Transactions

Related Party Transactions between Watford Borough Council and its subsidiaries and joint ventures are disclosed in the single entity accounts.

WHCP is a Joint Venture between Watford Borough Council and Keir Project Investment Limited. During the year there were related party transactions between the JV partners and WHCP. There were also transactions with Keir Property Developments Limited and subsidiaries of WHCP, Watford Riverwell (Family Housing), Watford Health Campus Neighbourhood Square LLP and Watford Riverwell (Central Zone) LLP.

During the year loans were advanced to Watford Riverwell (Family Housing) of £1,742,000 and repayments of £8,020,000 were received. Interest of £8,000 was also accrued, resulting in a year end balance of £2,990,000.

During the year loans were advanced to Watford Health Campus Neighbourhood Square LLP of £5,232,000 and loans were repaid of £322,000 resulting in a year end balance of £4,882,000.

During the year loans were advanced from Watford Riverwell (Central Zone) LLP of £33,000, resulting in a year end balance of £73,000.

Project management fees and accountancy fees were provided to WHCP by Keir Property Developments Limited, £62,000, and Kier Project Investment Limited, £71,000.

During the year, loans of £3,501,000 were advanced by Watford Borough Council and repayments were made of £4,256,000. There was also a £249,000 net nil transfer between two of the loan notes held by Watford Borough Council.

WHCP's outstanding balances with related parties as at 31/03/2026 were:

Related Party	Balance £'000
Loans to related parties:	
Watford Riverwell (Family Housing) LLP	2,990
Watford Health Campus Neighbourhood Square LLP	4,882
Watford Riverwell (Central Zone) LLP	-73
Loans from parent entities:	
Kier Project Investment Limited	8,426
Watford Borough Council	8,426

4. Capital Contributions (Loans)

2024/25		2025/26				
Amounts outstanding at 31 March 2025		New Loans	Capitalised Interest	Interest Reclassification	Repayments	Amounts outstanding at 31 March 2026
£'000		£'000	£'000	£'000	£'000	£'000
8,498	Watford Health Campus Partnership - Loan Note A	3,500		249	-3,672	8,575
947	Watford Health Campus Partnership - Loan Note B		8	-249	-706	0
11,216	Hart Homes (Watford) Ltd				-88	11,128
20,661		3,500	8	0	-4,466	19,703

Glossary of Terms

Accounting Period

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accruals

These are sums included in the final accounts to recognise revenue and capital income and expenditure attributable to the accounting period, but for which payment has not been received or made by 31 March.

Accumulated Compensated Absences Adjustment Account

This account represents the value of any unused holiday, time off in lieu or flexi hours which have not been taken by officers as at the 31 March.

Actuary

An expert on rates of death and insurance statistics who assesses whether we have enough money in our pension fund.

Actuarial Gains and Losses

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

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

Amortisation

The term used to refer to the charging of the value of a transaction or asset (usually related to intangible Long Term Assets) to the Income and Expenditure Account over a period of time, reflecting the value to the Council; similar to the depreciation charge for tangible Long Term Assets.

Billing Authority

A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

Capital Adjustment Account

This records the timing difference between the costs of fixed assets used and the capital financing set aside to pay for them.

Capital Expenditure

Expenditure on assets which have a long term value. Includes the purchase of land, purchase or cost of construction of buildings and the acquisition of plant, equipment and vehicles.

Capital Receipts

The proceeds from the sale of Long Term Assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on Long Term Assets or to finance new capital expenditure, within rules set down by government. Capital receipts cannot, however, be used to finance revenue expenditure.

Capital Charges

This is a general term used for the notional charges made to service revenue accounts for the use of fixed assets. The term covers the following:

Depreciation, Impairment charges and Amortisation of Deferred Charges (included in gross expenditure) offset by the Amortisation of government grants deferred (included in income).

Capital Financing Costs

These are costs, such as interest, which we charge because we have spent money on non-current assets.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

The annual Code of Practice, produced by CIPFA, which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of a Local Authority.

Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and National Non-Domestic Rates.

Contingent Assets/Liabilities

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not yet been made in the Council's accounts.

Creditor

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at 31 March.

Current Assets

These are the short-term assets we have at date of the balance sheet which we can use in the following year.

Current Liabilities

These are the short-term liabilities we have at date of the balance sheet which we will pay in the following year.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtor

Sums of money due to the authority but unpaid at the balance sheet date.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful life of a Long Term Asset.

Earmarked Reserves

These are funds set aside for a specific purpose, or a particular service, or type of expenditure.

Finance Lease

Arrangement whereby the lessee is treated as the owner of the leased asset, and is required to include such assets within Long Term Assets on the balance sheet.

Group Accounts

Group Accounts are prepared using consistent accounting policies which will require authorities to align their financial statements more closely with International Financial Reporting Standards.

Heritage Assets

Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area.

International Financial reporting Standard (IFRS)

Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities.

Impairment

A reduction in the value of a fixed asset to below its carrying amount on the balance sheet due to damage, obsolescence or a general decrease in market value.

Investment Property

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

Investments

Deposits for with approved institutions.

Infrastructure Assets

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to, highways.

Long Term Assets – Tangible

Tangible assets (i.e. land and buildings) that yield benefits to the Council and the services it provides for a period of more than one year.

Long Term Assets – Intangible

Assets which are of benefit to the organisation, but have no physical presence such as software licences.

Long Term Debtors

Amounts due to the Council more than one year after the Balance Sheet date.

National Non-Domestic Rates (NNDR or NDR)

NNDR or NDR is the levy on business property, based upon a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year, which is applicable to all Local Authorities.

Operational Assets

Long Term Assets held by the Council and used or consumed in the delivery of its services.

Operating Lease

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the lessor.

Pension Fund

An employees' pension fund maintained by an authority, or a group of authorities, in order primarily to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

Precept

The amount levied by one authority which is collected by another. e.g.: the County Council is the Precepting Authority and the District Council is the collecting authority, also known as the Billing Authority.

Provision

This is an amount which is put aside to cover future liabilities or losses which are considered to be certain or very likely to occur, but the amounts and timing are uncertain.

Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of an asset that belongs to the Authority.

Surplus Assets

Long Term Assets held by an organisation but not directly occupied, used or consumed in the delivery of services, or held as an investment.

