

Cheshire West & Chester Council

Statement of Accounts

2025 - 2026



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Narrative Report

Introduction

The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties clear information about the Council's finances. The narrative report is designed to provide an explanation of the Council's financial position and to assist in the interpretation of the financial statements. It also contains additional information about the Council in general and the main influences on the financial statements to provide a link between the Council's activities and challenges and how these impact on its financial resources.

The narrative report is structured as follows:

1. About Cheshire West and Chester
2. Strategic Principles and Priorities
3. Summary of Performance
4. Summary of Financial Performance and Main Issues in 2025-26
5. Financial Scenarios
6. Cheshire and Warrington Combined Authority
7. Explanation of the Financial Statements

1. About Cheshire West and Chester

Cheshire West and Chester is a unitary authority with a population of 371,652 and covers 350 square miles. The borough is located in the North West of England and includes the historic city of Chester and the industrial and market towns of Ellesmere Port, Frodsham, Helsby, Malpas, Neston, Northwich and Winsford. About a third of the population lives in rural areas.

The Council is responsible for ensuring a wide range of services are provided to the residents, businesses, and visitors to the Borough. These include education, safeguarding vulnerable children and adults, social care, public health, highways, leisure, culture, waste collection and disposal, planning, housing benefits, regeneration, and community engagement. In addition to providing or commissioning services the Council is also responsible for the collection of local taxation in the form of Council Tax and Non-Domestic Rates on behalf of itself and local agencies such as Police and Fire authorities.

The Council is a politically led organisation and has adopted a Leader and Cabinet model. It has 70 elected members representing 45 wards across the Borough. The political make-up of the Council on 31 March 2026 is shown in the table below.

Party	Number of elected members
Labour	35
Conservative	21
Independent (Unaligned)	5
Independent	2
Green and Independent Alliance	3
Reform UK	3
Liberal Democrat	1

2. Strategic Principles and Priorities

Cheshire West and Chester Council is an innovative organisation that seeks to pioneer new and improved ways of delivering services. As an ambitious Council we are determined to deliver the best possible services, improve the quality of life for all residents and help to tackle disadvantages.

In February 2024 Cheshire West and Chester Council approved a Borough Plan for 2024-2028, with a vision of a stronger future where we all play our part in thriving, caring and sustainable communities. The Borough Plan sets out the Council's vision, what it wants to achieve, and the way its staff will work. The Plan outlines our six missions over the period, what success looks like, and how we and our communities can work together to make a difference: In addition, there is a Council wide objective of “Doing things Differently”.

The Council Plan is fully joined up with other key plans and strategies across the borough and is monitored through a performance management framework. The plan was developed alongside a four-year budget plan to ensure that resources are in place to deliver the focus areas.

Our six missions



Starting well:

The best possible start for our children and young people, with improved opportunity, a healthier start, greater resilience in families and the best possible support and care when it is needed.



Tackling hardship and poverty:

More people feel more financially secure as the causes and impact of hardship and poverty are addressed by working alongside residents.



Resilient people living their best lives:

Local people are enabled to flourish, be healthy, happy and independent for longer in supportive communities.



Opportunity in a fair local economy:

Local people and businesses contribute to and benefit from a strong and fair local economy.



Neighbourhood pride:

Residents live in well maintained, connected and safe places with good and affordable homes.



Greener communities:

Individuals, public services and businesses take action to move to tackle the climate emergency, achieve net zero, protect the natural environment and adapt to the impact of climate change.

3. Summary of Performance

The Council monitors its performance against targets throughout the year and includes this information on a Dashboard that can be viewed by residents using the link below.

[Performance report | Cheshire West and Chester Council](#)

The following tables highlight key areas of Council performance during 2025-26 against the Council's six key missions and Council wide objective.

Starting Well



Children being children; having everything they need for a good start in life, so they can learn, play and have fun together.

- The 'starting well' mission is about creating the best possible start for children and young people in the borough, with improved opportunity, a healthier start, greater resilience in families and the best possible support and care where it is needed.
- The rate of children in care is continuing to reduce, from 83 in March 2025 to 75 at the end of March 2026. It is at its lowest level since May 2022. Whilst it remains higher than the average for England and for those authorities seen as statistically similar to Cheshire West it is well below the North West average. The rate of 75 children in care per 10,000 children translates as 538 children in care locally. Of these, the number who are in residential placements has improved from 97 at the end of August to 93 by the end of March, although this remains higher than March last year.
- The borough's first Family Hub was launched in Winsford at the start of April, alongside the publication of the Best Start in Life local plan. The Thriving Families service is now fully in place. Both Koala and Homestart have made progress in positioning the service within the respective communities and building the relationships and systems necessary for success. The Self-referral process is working well.
- The number of children starting on an Early Help Assessment has fallen slightly on the previous year, but overall the number of children on an early help plan has continued to increase with 129 more children on plans at the end of March 2026 than at the end of March 2025.
- The rate of children in need has increased slightly on March 2025 but remains on target, with the measure having been expanded to include young adults aged 18-24 who are receiving a service from the Council's Children's social care service. The rate of children who become the subject of a child protection plan has been improving throughout the year and is better than the national and regional averages.
- 21% of Education Health and Care Plans (EHCPs) agreed between 1 January and 31 December 2025 were agreed within 20 weeks, performance below the Council's target. Performance has improved to 38.6% as at the end of March 2026, however requests for assessments have continued to increase and so we are expecting further pressure in maintaining our performance trajectory.
- Educational attainment results were published earlier in the year. Newly published data on absence rates shows that attendance has improved both for all secondary school pupils and for those who are free school meal eligible.
- The percentage of young people who are not in education, employment or training (NEET) remains at 3.9%, a strong improvement on 4.2% in March 2025. 160 young people currently classed as NEET are actively seeking employment, education or training opportunities.

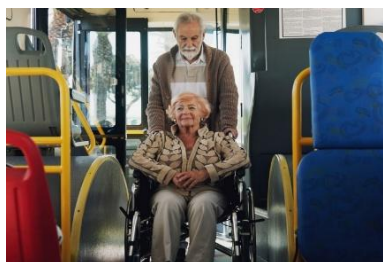
Tackling Hardship and Poverty



Providing nutritious, good food to people who are struggling with the rising cost of living is just one way of tackling hardship and poverty.

- The tackling hardship and poverty mission is about more people feeling financially secure as the causes and impact of hardship and poverty are addressed by working alongside residents.
- The number of homeless preventions is increasingly steadily year on year, with 900 families or individuals supported during the last year. Homelessness support is being focused on three key points: increasing the focus and resources for prevention; increasing the supply of supported housing; and providing more permanent housing in the borough.
- The number of local rough sleepers has improved from 14 at the end of November 2025 to 12 at the end of March 2026.
- Work is continuing to support to residents at risk of financial hardship and encourage take-up of key benefits and entitlements, from free school meals to pension credit. Working closely through the food partnership four 'Bread and Butter' food hubs are currently operational, widening access to affordable, sustainable and nutritious food. During 2025 this delivered the equivalent of over 6,300 meals saving residents over £150,000 on food shopping and reducing food waste.
- The timeliness of benefits processing has improved significantly to 8 days.
- Work on the Warm Homes Programme is slightly delayed. So far, 168 homes have been retrofitted with measures such as triple glazed windows, improved insulation and heating controls, and solar PV.
- This is lower than targeted due to the scheme being more costly than anticipated and some tenants refusing works.
- The Fairer Future Ambassador Programme, delivered in Ellesmere Port with pupils from three primary and secondary schools, empowered young people to explore the impact of poverty and articulate their aspirations for a Fairer Future. The programme enabled pupils to develop stronger confidence, communication skills, and a clearer sense of agency while shaping real, practical change in their schools and community.

Resilient People Living their Best Lives



The Council has a key role to play in ensuring all residents are enabled to live great lives, whether that's through providing support to adults with learning disabilities or empowering older people to remain independent.

- The resilient people living their best lives mission is about local people being enabled to flourish, be healthy, happy and independent for longer in supportive communities
- The number of carers receiving an assessment is increasing year on year, and remains better than target. Promotion through carer champions, peer forums and internal communication processes has improved the identification of unpaid carers and awareness of the support available to help people in this role.
- A strengthened, joint approach between Housing, Adult Social Care and commissioning is now being implemented to increase the availability of suitable housing and care options. This includes developing clearer plans for new specialist accommodation and supporting people who are placed out of the area to return to Cheshire West where appropriate.
- A number of new measures were introduced last year to better understand waiting times across key services and enable targets to be set. Waiting times for care act assessments and the number of days that people are waiting for care are both showing as green against target. The number of people who are waiting for care has increased significantly, reflecting capacity constraints in the care market – particularly around dementia nursing care, complex care at home and high dependency care.
- The Community Response Hub model continues to be embedded. Partners have worked with Changeology to implement short term improvements aimed at improving flow and overall performance.
- Workforce retention within social care over the last 12 months has remained strong, with the service operating at or near full establishment. Staff turnover has been consistently low, indicating high levels of workforce stability and engagement.
- In December 2025 CWaC approved a Domestic Abuse Strategy that outlines a trauma-informed, whole-system approach to tackling domestic abuse that prioritises safety, empowerment and justice.
- The percentage of people successfully quitting smoking is less than targeted. This reflects a 12-month rolling quit rate and the continued impact of the disappointing national 'Swap to Stop' programme, which offered a free e-cigarette as a quitting aid during 2024-25, but proved to have a significantly lower success rate than aids such as Nicotine Replacement Therapy.
- Work to develop a community cohesive strategy has been slightly delayed whilst a communication plan and online survey is designed to support the engagement and consultation that will support the development of the strategy. The timeline for developing a Gambling Related Harms Strategy is under review.
- Visits to BRIO hubs for sports and physical activity are on target, with over 2.1million visits during the year. The refurbishment of Northgate Arena has progressed well with a refreshed gym, transformed pool area, upgraded sauna and steam room all now open to the public, whilst eco-friendly improvements to lighting, pool filtration and other processes are making the centre more sustainable.
- The Council, along with local partners, has adopted an updated Health and Wellbeing Strategy that sets out a vision 'to reduce inequality, increase years of healthy life and promote improved mental and physical health and wellbeing for everyone in Cheshire West and Chester.'

Opportunity in a Fair Local Economy



With a strong economy, residents can access the opportunities they need to thrive. For some individuals, that might mean getting a job when they didn't think they would be able to.

- The Opportunity in a fair local economy mission is about local people and businesses being able to benefit from a strong local economy.
- Extensive regeneration activity continues across the borough: in Ellesmere Port the demolition of the Council's Civic Way building is complete and phase one of works to the market are complete and open to the public, with phase two ongoing; improvements to Winsford market are well underway with external funding being sought for improvements to the market entrance; a contractor has been appointed for the Northwich Market project and work has started on an initial concept masterplan for Weaver Square; the Lache Backies project has completed and work is continuing on the Chester Northgate future phases masterplan. Capital funding has been secured for the planned works to Frodsham Leisure Centre.
- Transport is a key enabler for economic growth and policy papers and strategies are being developed to implement the Local Transport Plan Core Strategy which was approved at Council in December 2025.
- The Council's Skills and Employment Team have successfully supported 2,362 local people to start or remain in work since 1 April 2025. The Connect to Work service is live and operational and 97% of those starting adult learning courses gained a qualification. The Council has also given twenty local young people supported placements during the year, providing opportunities to care experienced youngsters and those who may need to retake maths and English qualifications.
- 654 businesses have been supported by the Council through the UK Shared Prosperity Fund (UKSPF) Business Support Programme.
- Delivery of the Destination Chester and Destination Cheshire programmes continue, with the celebration of Cheshire Day 2026 receiving considerable media coverage, including local BBC news. A ballot of participating hoteliers took the decision not to move ahead with the creation of a Chester Accommodation Business Improvement District that would have charged a fee to all eligible hotels to create a funding pot for activities to promote overnight visits.
- The timeliness of both major and minor planning applications is on target. Some 468 of the 506 minor applications determined were with an agreed extension and all the 24 major applications determined within timescales were with an agreed extension. The consultation on Local Plan 'issues and options' feedback has been completed and work on the next phase of the local plan continues.
- The proportion of Council expenditure that is with suppliers registered within the borough increased to 37.2% between December 2025 to March 2026. Whilst higher than the previous period, it is below the same period last year. This percentage reflects just over £66.8million being spent locally out of a total expenditure of £179.8million. Excluding expenditure on high value contracts (with a cumulative expenditure greater than £1million) the local expenditure percentage increased to 49%. Suppliers based outside the borough still employ local people and invest in local supply chains.
- The Cheshire and Warrington Combined Authority is now in place, with the inaugural meeting having taken place on 22 April 2026. An interim staff team has been recruited and the new organisation is being established and developing proposals for the Mayoral Investment Fund.

Neighbourhood Pride



Everyone deserves to live in a place they can be proud of – a neighbourhood that’s well-maintained and fosters a strong sense of belonging and community.

- The Neighbourhood pride mission is about residents living in well maintained, connected and safe place with good and affordable homes.
- Throughout this year, all private sector rented properties which the Council’s Housing Standards Team have found to be in serious disrepair, or to have serious damp and mould issues, have been improved within the six-month deadline.
- The number of highways defects being identified and subsequently repaired has increased by 22% in comparison to last year, and investment in carriageway condition is increasing year on year with a focus on preventative treatments. Between April 2025 and March 2026, 15,860 highways defects were reported and 14,893 resolved – an average of over 40 repairs a day over the year. At 31 March 2026 there were 1,351 outstanding road defects, with only 123 falling outside the contracted timescales. The way that national data on road condition is reported is changing. The most recent nationally reportable data for Cheshire West and Chester shows that 1.4% of local A roads, 4.3% of local B & C roads, and 6.4% of local U roads are in need of structural maintenance. Whilst this is better than the most recently available national averages, local annual condition surveys confirm a continued deterioration of the local carriageway and footway condition. Additional changes are due to be made to the national reporting framework and these are likely to make comparison more difficult in the short term. Cheshire West and Chester reports on the condition of the entirety of the local highway network, but a number of authorities only report on the condition of a sample of their network and will continue to do so under the new framework. In addition, those councils that have contracted external providers to supply their highways condition data will be able to report under the previous data framework for the life of those contracts. A specific Asset Register is being developed for those built and natural infrastructure assets (from bridges to trees) deemed at high-risk to strengthen accountability, improve the consistency and quality of recording, and enhance visibility of inspection, maintenance, and associated controls.
- The way that street cleanliness is measured has changed in line with a new national approach, with 98% of local streets meeting the new standard in March 2026. Additional sweeper machines have been delivered, with replacement mowers and tractors awaited. Sweeping schedules are currently being reviewed, better using data to target activity and direct resource.
- The number of reportable fly-tipping incidents has fallen in comparison to last year but remains high and red against target. This reflects a national issue with Keep Britain Tidy recently reporting that the number and severity of fly-tipping incidents have increased in most authority areas in the last year, with profit-driven waste crime becoming a significant contributor. Cheshire West and Chester Council investigates incidents and continues to use the full range of enforcement powers where perpetrators are identified.
- An additional six new homes have been delivered directly through council investment since April 2025, taking the total to 14 over the last two years. A total of 568 new affordable housing units have been delivered since April 2025 with a number of additional units now expected to complete during 2026-27. Delays in the connections and disconnections of key utilities such as gas, water and electricity continue to impact on the 90 Helsby and 68 Winsford homes that were forecast for delivery this year. Work to bring empty homes back into use is showing as green against target, with the team having worked with the owners of an additional 274 empty homes to return them to use, significantly better than target.
- The Council Housing Management Services was successfully brought in house on 1st April 2026 and is fully operational.
- The shared archive project with Cheshire East Council continues to progress well, with collections to be transferred in the Summer. Community engagement is promoting awareness of the Archives across the county. A contractor has been selected for the Northwich Library Project and planning and listed building consent has been approved. Whilst slightly delayed, works have now started on site.

Greener Communities



It's everyone's responsibility to look after the planet and protect the natural environment, from big net zero targets to something as seemingly small as sorting your recycling.

- The greener communities mission is about individuals, public services and businesses taking action to move to tackle the climate emergency, achieve net zero, protect the natural environment and adapt to the impact of climate change
- The headline measure for this mission focuses on the Council's total greenhouse gas emissions and the Council has had a 14% reduction in emissions on the previous year. The updated Climate Emergency Response Plan was also approved last year and implementation and monitoring is ongoing.
- This year has seen 225,200 new trees planted across nineteen sites within the borough. This is a significant increase on the previous high of 92,000 trees that were planted during the 2024 planting season. Trees and woodlands are vital for people, nature and climate – supporting biodiversity, improving natural resilience to issues such as flooding and simply providing better environment for people to use, cherish and enjoy.
- Performance for household waste and recycling levels has been impacted on by changes to weather patterns which have impacted on green waste tonnages, the unexpected closure of a third-party alternative waste treatment facility which was trialling new technology which has now been deemed unviable and the rise in residual waste experienced nationally. When comparing performance against other English Unitary Authorities, Cheshire West and Chester is one of the top ten performing areas on the key indicators. The service are working to increase recycling and reduce residual waste through the development of a new communal bin store recycling service to around 12,000 flats and apartments and increased use of recycling advisers promoting the correct use of bins and in particular promoting food waste recycling.
- Cheshire West Recycling took over the management of the borough's Household Waste Recycling Centres on 1 April 2026 with minimal disruption to the public. The residual waste treatment procurement is on track at the outline bid stage, where the applicants have submitted preliminary proposals. Final tenders are expected in July 2026.
- There has been a significant increase in the number of publicly available electric vehicles chargers, with the most recent Department for Transport figures showing 377 available chargers, 82 of which offer rapid charging. Collaborative work towards a public sector shared Electric Vehicle (EV) infrastructure that can be used by all public sector partners for recharging corporate fleet vehicles is not progressing with all public bodies focused on delivering their own individual schemes. Work is underway to identify potentially suitable Council rapid charging hub sites that would support Council feel EV transition. Once in place these sites could also support use by any public sector partners. Whilst the delivery of the Local Cycling and Walking Infrastructure plan is delayed work on specific active travel schemes in both Northwich and Ellesmere Port has started with completion due in the Summer.
- A range of films have been commissioned which will showcase the opportunities at the Origin Ellesmere Port green growth hub to investors. Origin will be highlighted at this year's REiIF, the UK's largest real estate and investment and infrastructure conference.

Council Wide Objective - Doing things Differently



The complex problems we face today require innovative solutions – it's our job to come up with new and different ways of doing things, from digital and data to being a community led Council.

- The 'Doing things differently' cross-cutting objective is about the Council working ever more closely with communities, scaling up prevention, improving the Council's use of digital technology and data insights, developing the Council's workforce and strengthening its partnerships.
- The 'Play your part' approach to celebrating, enabling and supporting active citizenship and strong partnership working across West Cheshire is continuing to develop with the community commitment published within the Health and Wellbeing strategy. Over 70 'community thank you's' have been published to the Council's Participate Now website, celebrating active citizens across the borough. A review of the Council's approach to volunteers is also seeking to better promote opportunities and support those who volunteer with Council services.
- Council tax collection rates have improved on last year and shows the impact that moving to paying over 12 instalments is having. Whilst non-domestic collection rates are down slightly this is largely due to a few large accounts, three relating to companies in liquidation.
- The percentage of customer contact being dealt with online remains high with 82% of customer interactions being supported through digital means. This reflects the new Digital Ambition Strategy and strong progress in developing new digital tools, including artificial intelligence, in a way that is practical, secure and focused on real service needs. The review of organisational data requirements has been successfully completed, and a comprehensive Data and Insights Strategy, titled 'Data to Impact 2025–2028,' was approved alongside the Digital Ambition Strategy.
- Customer satisfaction with services received through the customer contact centre has been impacted by the work to bring the contact centre in-house from April 2025, and preparation for bringing housing management into the contact centre from April 2026. A customer summit brought together key stakeholders to review and agree key priorities, contribute ideas to co-produce a strategy and agree a new delivery plan. Resource has now been identified to begin scoping a major programme to transform customer experience.
- There has been a strong increase in the percentage of contacts received on a complaints form that was resolved outside of a formal complaint response. It is clear that a number of these contacts are being resolved but not recorded as such, and work is ongoing to improve data quality. Complaints data is reported a period in arrears, the proportion of stage one complaints that were dealt with by all services across the Council within 20 working days during November and December 2025 increased to 77%. The proportion of stage two complaints, which the customer team co-ordinate with services, and that were answered within 40 working days fell to 85%. Two additional measures have been introduced, targeting responses against new, more challenging, national timescales for complaints. Performance against these measures is being reported on, so that a baseline of the current level of performance can be established. A detailed complaints report is considered by Cheshire West and Chester Overview and Scrutiny Committee on an annual basis. Work is underway to scope and establish a major programme to transform customer experience.
- Performance on implementing recommendations made by the Council's internal audit team has improved to 92%. Any recommendations not implemented six months after their original target date are reported to senior managers and to the Audit Committee.

4. Summary of Financial Performance and Main Issues in 2025-26

Revenue Expenditure

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements. The Council measures financial performance against planned activity in the form of the Council's management accounts. The table below reflects the final budget for 2025-26 and actual income and expenditure against it.

Directorate	Budget	Actual	Variance
	£m	£m	£m
Adults	176.9	189.7	12.8
Public Health	20.1	20.2	0.1
Children & Families	112.8	114.3	1.5
Place & Growth	70.3	67.2	(3.1)
Corporate Services	32.2	31.8	(0.4)
Other	25.8	16.0	(9.8)
Total Net Spend	438.1	439.2	1.1

There was an overspend for the year of £1.1m. This was after the delivery of significant in year mitigations to offset pressures.

There were overspends in Adults (£12.8m), Children and Families (£1.5m) and Public Health (£0.1m) offset by underspends in Place and Growth (£3.1m), Corporate (£0.4m), Council wide (£4.7m) and the use of exceptional items (£5.1m).

Within Adults, the main pressure is the full year effect of increased demand in 2024-25 for adult social care (Communities and Older People) over and above 2025-26 budgeted growth, increasing demand for more complex support to younger adults (18-25) and delays in delivering savings targets in the Communities and Older People and VIVO services. The Council is in the process of implementing targeted demand management and early intervention strategies to reduce these pressures going forward.

The pressures in Children and Families are attributable to Education and Inclusion due to delays in delivering home to school transport related savings along with expenditure no longer funded by the Dedicated Schools Grant (DSG).

Within Other, there is a £4.7m underspend on Council-wide budgets which reflects underspends on contingencies and contract inflation, additional Extended Producer Responsibility for Packaging income, release of grant reserves and Council companies' provisions along with business rates relief via Government grant.

Exceptional mitigations were also included under the heading Other. £2.0m of capital receipts were used to fund staff involved in supporting transformational work. In addition, a £3.1m underspend on the capital financing budget was utilised to support the financial position rather than transfer to the Long Term Liability Reserve, this underspend was due to lower Minimum Revenue Provision (MRP) charges in year following reduced capital expenditure funded from borrowing in 2024-25 and interest earned on higher than anticipated levels of cash balances.

The final outturn position includes delivery of £18.9m of savings against budgeted savings of £29.2m, a delivery rate of 65%. A delivery rate of 65% is a concern and it is essential that the

Council improves its savings delivery in 2026-27. Enhanced governance arrangements will be implemented to monitor and address any risks to ensure they don't significantly impact the Council's future financial position.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) had an overspend of £20.7m for the financial year. The overspend is driven by continuing demand and cost pressures on the high needs provision budgets. The overspend sees the cumulative deficit on the DSG reserve increase to £40.4m at the end of 2025-26. This overspend does not currently impact the General Reserve as there is a DSG statutory override in place until 31 March 2028 which means any deficit can be carried forward.

During the financial year Central government announced plans to mitigate DSG deficits as part of the wider SEND reform agenda. In February 2026 the Department for Education confirmed provision of the High Needs Stability Grant due in 2026-27 to mitigate up to 90% of cumulative deficits incurred (subject to submission of an acceptable SEND Reform Plan in June 2026), the remaining 10% is expected to be funded by the Local Authority. The forecast impact for the Council is £4.04m at March 2026.

Capital Expenditure

The capital programme budget for 2025-26 totalled £153.7m. Expenditure in year was £136.2m, representing a delivery rate of 89%, as shown in the table below.

Directorate	Revised Budget	Outturn	Variance	Delivery Rate
	£m	£m	£m	%
Adults	5.491	6.003	0.512	109
Public Health	9.705	9.218	(0.487)	95
Children & Families	17.549	16.380	(1.169)	93
Place & Growth	109.730	95.282	(14.448)	87
Corporate & Council Wide	11.188	9.356	(1.832)	84
Total Capital Programme	153.663	136.239	(17.424)	89

Some of the key deliverables in 2025-26 were:

Adults

There was support for housing adaptations totalling £5.9m to help residents to live safely in their own homes.

Public Health

The Council continued investment in Leisure Services with £8.7m spent on the renovation of the Northgate Arena, which was completed in May 2026.

Children and Families

There was £16.0m of investment in schools and education, including expansion schemes at Tarpoley High School and Willaston CE Primary School, preparatory work continued for the new school at Ledsham, Ellesmere Port along with significant progress in delivering Kings Moat Primary School in Chester, which is due to open in September 2026. The Council continued planned investment and ongoing maintenance to maintain school conditions. In addition, there was investment in special educational needs provision across the Borough including Upton Westlea, Dee Point and Hinderton School, to support required provision.

Place and Growth

The Council invested in major regeneration projects during 2025-26 including £1.3m on Winsford town centre along with £8.9m to transform Ellesmere Port town centre through the Levelling Up Fund (LUF) scheme.

£36.3m was invested in Highways and Transport related schemes during 2025-26 including £30.6m spent on maintaining highways through targeted works and £1.8m on developing transport links in the Borough. In addition, £2.0m has been spent on Chester Walls as part of a planned investment to reinstate the Walls following the partial collapse in January 2020.

The Housing Revenue Account (HRA) invested £10.6m in its existing stock including bathroom, kitchen, roof and window replacement to maintain a decent homes standard. In addition, £2.0m was spent on delivering new housing at Sutton Way.

There was £4.4m spent on Supporting Housing for Vulnerable People including the refurbishment of the Mulberry Centre which is now open as a supported housing facility providing much needed short-term accommodation.

The Council has a commitment to a greener agenda and has invested in climate related schemes including electric vehicle charging points, energy improvements across corporate buildings including Northwich Memorial Court and several community related projects via Cheshire West Crowd/Spacehive. There was also investment to deliver 304 hectares of woodland at former farm sites and a programme of biodiversity units across grassland, wetland and woodland.

Other areas of investment included work for the Archives facility in Chester and Crewe, the purchase of equipment to support the Household Waste Recycling Centres and additional vehicles for StreetCare. There was also ongoing investment on football pitches along with continuation of works which are transforming Moss Farm.

Corporate and Council Wide

Within Corporate Services there was £2.5m spent on continued improvements to core ICT infrastructure and systems including upgrades and development of the Finance and HR business system. The Council continued to invest in digital services including expansion of single sign on technology and Artificial Intelligence (AI) solutions. There was also £3.7m spent on transformational activity to improve the efficiency and effectiveness of some Council services.

Financing of the Capital Programme

The capital programme expenditure for 2025-26 was £136.2m. A breakdown of how this expenditure has been financed is shown in the table below.

Capital Programme Financing	Budget
Expenditure to be financed	£m
To be funded by;	
General Capital Receipts	9.6
Specific Capital Receipts	0.8
Grants & Contributions	71.9
Revenue & Service Contributions	0.3
HRA Contributions	9.8
HRA Retained Right to Buy Receipts	2.0
Sub-Total	94.4
Core Borrowing	37.5
Ringfenced Borrowing	4.3
Total Funding	136.2

Overall impact on the General Fund Reserve

The General Fund reserve balance at 1 April 2025 was £22.7m. A budgeted contribution of £2.5m was made in 2025-26, and the reserve has been called on to fund the £1.1m overspend, resulting in a balance of £24.1m. The risk-assessed target range for the General Fund reserve at March 2027 is £24.9m to £27.9m. To restore the reserve to this range following the previously forecast £6.9m overspend (report at the Third Review of 2025-26), the 2026-27 budget included a planned contribution of £3m. The improved outturn position means the reserve is now expected to return to the target range in 2026-27 assuming the Council delivers a balanced budget.

5. Financial Scenario

The Council's financial position is set against a backdrop of continued financial challenge for the Local Government sector. Whilst the multi-year Local Government Finance Settlement announced in December 2025 covering the three-year period from 2026-27 to 2028-29 provides a greater degree of certainty to support medium-term financial planning, the underlying national position of sustained demand growth, inflationary pressures, and structural funding constraints continues to present considerable risk to the financial sustainability of local authorities including Cheshire West and Chester Council.

Whilst the Council has seen signs of slowing growth and stabilisation across both adults' and children's social care, Integrated Adult Social Care did report an overspend of £10.9m despite the additional funding invested in 2025-26; this was mitigated by underspends elsewhere, which were mainly non recurrent. Also, of the £29.2m savings built into the 2025-26 budget, 65% were delivered in year. A delivery rate of 65% is a concern and it is essential that the Council improves its savings delivery in 2026-27.

Also, whilst Government has announced support to Council's to fund up to 90% of the Dedicated School Grant deficit accrued up to the end of 2025-26, the residual DSG deficit and any impact of pending SEND reforms means that this area could impact on the overall financial resilience in the medium term and represent a significant risk to the Council's financial sustainability.

Current indications are that many of the pressures being faced by the Council in year - both inflationary and demand-led - are likely to continue into future years. These were a key consideration when setting the Council's budget for 2026-27 and indicative budget plan for 2027-30. The February 2026 budget report set out that, based on assumptions regarding Government

funding and cost pressures, the Council faced a gross funding gap of £150.3m over the next four years, with a gap of £40.5m in 2026-27. A package of savings proposals and additional income was approved in February 2026 to arrive at a balanced budget for 2026-27, with further indicative savings identified for the following three years. At the time the budget was set there remained a residual funding gap of £10.6m to be bridged over the period 2027-30.

Since the budget was approved in February 2026, further detailed analysis of the Council's medium-term financial position has been undertaken. This work indicates that both demand-led cost pressures and inflation are likely to exceed earlier assumptions. As a result, when the financial forecast is extended through to 2030-31, the projected budget gap is expected to be significantly greater than the previously reported £10.6m. The Council is currently developing its budget strategy to address this emerging challenge and will undertake a public engagement exercise with residents in the autumn to inform its approach.

6. Cheshire and Warrington Combined Authority

The Cheshire and Warrington Devolution Deal was approved by each of the three constituent Councils of Cheshire East, Cheshire West and Chester and Warrington Borough in September 2025. The decisions of the three Councils authorised the Secretary of State for Housing, Communities, and Local Government to establish a Cheshire and Warrington Combined Authority as part of the governments flagship Devolution Priority Programme. The new organisation officially became a legal entity on 24th February 2026 and held its inaugural meeting at the Warrington Youth Zone on 22nd April 2026. Alongside the transfer of powers and resources from central government, the devolution deal will also result in the region receiving additional funding of £650m over the next 30 years to invest in Cheshire and Warrington.

During 2025-26, Cheshire West and Chester Council acted as the Accountable Body for the Capacity Grant (£3.000m) and the Spatial Development Strategy Grant (£0.416m) received from central government. In addition, the Combined Authority received smaller contributions towards set-up costs from Enterprise Cheshire and Warrington (£0.250m) and the Local Government Association (£0.025m).

Total expenditure on set-up costs to 31 March 2026 amounted to £0.992m, with the remaining £2.699m of funding carried forward into 2026-27 on behalf of the Combined Authority. In its role as Accountable Body, the Council's 2025-26 balance sheet also includes £0.324m of creditor accruals relating to amounts owed by the Combined Authority to third parties as at 31 March 2026.

Income and expenditure relating to the Combined Authority is accounted for and administered separately from the Council's own accounts. As such, these transactions are excluded from the main financial statements presented later in the Statement of Accounts. This treatment is in line with the principles set out in the Local Authority Accounting Code of Practice, as the Council is acting as an intermediary and therefore applying the agent principle set out in Section 2.6.2.1 of the Code. Further details are provided in Note 30, Agency Services.

7. Explanation of the Financial Statements

The Statement of Accounts sets out details of the Council's income and expenditure for the financial year 2025-26 and its Balance Sheet as at 31 March 2026. These statements cover the General Fund, the Collection Fund, Housing Revenue Account and the Pension Fund.

Core Financial Statements reflect Council activities including maintained schools:

- The **Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- **Movement in Reserves Statement (MIRS)** shows the movement in year on reserves held by the Council, analysed into 'usable' reserves and 'unusable' reserves. The statement shows the true economic cost of providing the authority's services and how those costs are funded from the various reserves held.
- The **Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets are matched by reserves held by the authority.
- The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period.
- The **Notes** to the Core Financial Statements provide more details about the Council's accounting policies and items contained in the statements.

Additional Financial Statements:

- The **Statement of Responsibilities** for the Statement of Accounts explains the Council's responsibilities and the responsibilities of the S151 Officer.
- The **Housing Revenue Account** is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants.
- The **Collection Fund** is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council tax and non-domestic rates.
- The **Group Accounts** provide details of the Council's overall financial interests including consideration of its interests in other companies and how their value has changed over the year.
- The **Pension Fund Accounts** summarise the income and expenditure and the Balance Sheet position as at 31 March 2026 of the Cheshire Pension Fund, which is administered by Cheshire West and Chester Council.

Annual Governance Statement

The **Annual Governance Statement**, which is published alongside the Statement of Accounts, comprises the systems and processes that enable the authority to monitor the achievement of its strategic objectives. This includes the system of internal control used to manage risk. It sets out the main features of this system and its effectiveness.

Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Operating Officer who is named as the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Statement of Accounts was approved by the Audit and Governance Committee on XXX

Date: XXX

Signed by:
Councillor Bisset
Chair of Audit and Governance Committee

The Chief Finance Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position and income and expenditure of Cheshire West and Chester Council for the year ended 31 March 2026.

Date: XXX

Signed by:
Simon Riley CPFA
Chief Operating Officer/S151 Officer

Independent Auditor's Report

Independent Auditor's report to the members of Cheshire West and Chester Council

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Group Accounts - Core Financial Statements

The Group accounts contain core financial statements similar to those included in the Council's single entity statements but which represent the consolidated position of the Group. Notes to the Group accounts have been included where the relevant values and/or the impact on the Group statements are material.

The Group accounts are presented in the following pages and include:

Group Comprehensive and Income Expenditure Statement

Group Movement in Reserves Statement

Group Balance Sheet

Group Cash Flow Statement

Group Notes to the Core Financial Statements

1. Overview
2. Group Accounting Policies
3. Reconciliation of the Council's Single Entity Statements to Group Statements
4. Defined Benefit Pension Schemes

Supporting notes have only been included where the Group outcome is materially different to the disclosures in the Council's single entity accounts.

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

This account summarises the resources generated and consumed in providing services and managing the Group during the year.

2024-25			Group CIES	2025-26		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
26,243	(22,777)	3,466	Public Health	40,862	(38,135)	2,727
232,589	(55,814)	176,775	Adults Directorate	243,836	(106,193)	137,643
425,486	(300,199)	125,287	Children & Families Directorate	456,974	(320,636)	136,338
210,092	(116,976)	93,116	Place & Growth Directorate	207,866	(109,242)	98,624
119,831	(78,043)	41,788	Corporate Services Directorate	110,819	(73,140)	37,679
18,054	(28,058)	(10,004)	HRA	19,334	(28,544)	(9,210)
31,252	(46,710)	(15,458)	Central Services	(5,499)	(1,330)	(6,829)
10,145	(7,037)	3,108	Capital Financing	15,320	(6,640)	8,680
1,073,692	(655,614)	418,078	Cost of Services	1,089,512	(683,860)	405,652
3,890	(8)	3,882	Other Operating Income & Expenditure	21,156	0	21,156
30,894	(24,479)	6,415	Financing & Investment Income and Expenditure	24,370	(24,401)	(31)
23,727	(398,945)	(375,218)	Taxation & Non-Specific Grant Income & Expenditure	25,524	(460,675)	(435,151)
1,132,203	(1,079,046)	53,157	(Surplus)/Deficit on Provision of Services	1,160,562	(1,168,936)	(8,374)
		(13)	Share of the SDPS by Joint Ventures and Associates (Profit)/Loss			(6)
		0	Tax expenses of Joint Ventures and Associates			0
		28	Tax expenses of Subsidiaries			9
		53,172	Group (Surplus)/Deficit			(8,371)
		(53,097)	Surplus on Revaluation of Assets			(51,700)
		5,576	Re-measurement (gain)/loss on pension assets/liabilities			16,614
		0	(Surplus)/deficit on revaluation of available for sale assets			0
		0	Others			0
		0	Deferred tax on actuarial gains			0
		(50)	Share of Other Comprehensive Income & Expenditure of Associates			0
		(47,571)	Other Comprehensive Income & Expenditure			(35,086)
		5,601	Total Comprehensive Income and Expenditure			(43,457)

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

This schedule shows the movement in the year of the Council's single entity usable and unusable reserves as well as the Council's share of the Group reserves.

Consolidated MIRS 2025-26	General Fund Balance £000	Sums held by Schools £000	Earmarked Reserves £000	Total General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	HRA Major Repairs Reserve £000	Capital grants Unapplied £000	Authority's Usable Reserves £000	Authority's Unusable Reserves £000	Total Reserves of the Authority £000	Authority's share of the reserves of subsidiaries, associates and joint venture £000	Total Reserves £000
Balance at 31 March 2025	22,729	9,391	68,338	100,458	803	11,146	6,224	36,915	155,546	1,108,931	1,264,477	2,351	1,266,828
Final Reserves Adjustment	0	0	0	0	0	0	0	0	0	0	0	(64)	(64)
Balance at 1 April 2025	22,729	9,391	68,338	100,458	803	11,146	6,224	36,915	155,546	1,108,931	1,264,477	2,287	1,266,764
Surplus or (deficit) on provision of services	26,516	0	0	26,516	9,192	0	0	0	35,708	0	35,708	(27,337)	8,371
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	36,366	36,366	(1,280)	35,086
Total Comprehensive Income and Expenditure	26,516	0	0	26,516	9,192	0	0	0	35,708	36,366	72,074	(28,617)	43,457
Adjustments between group accounts and the Council's accounts	(29,694)	0	0	(29,694)	0	0	0	0	(29,694)	0	(29,694)	29,694	0
Adjustments between accounting basis & funding basis under regulations	(6,718)	0	0	(6,718)	(10,063)	6,924	(441)	(2,261)	(12,559)	12,559	0	0	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	(9,896)	0	0	(9,896)	(871)	6,924	(441)	(2,261)	(6,545)	48,925	42,380	1,077	43,457
Transfers (to)/from Earmarked Reserves	11,282	(2,155)	(10,002)	(875)	875	0	0	0	0	0	0	0	0
Increase/(Decrease) in Year	1,386	(2,155)	(10,002)	(10,771)	4	6,924	(441)	(2,261)	(6,545)	48,925	42,380	1,077	43,457
Balance at 31 March 2026	24,115	7,236	58,336	89,687	807	18,070	5,783	34,654	149,001	1,157,856	1,306,857	3,364	1,310,221

The adjustments between the Group accounts and Council accounts relate to income and expenditure between the Council's subsidiary companies, Brio Leisure and Cheshire West Recycling.

The final reserve adjustment reflects changes between the draft and final Group company accounts for 2024-25.

Group Movement in Reserves Statement 2024-25 Comparative figures

This schedule shows the movement in reserves for the comparative financial year 2024-25.

Consolidated MIRS 2024-25	General Fund Balance	Sums held by Schools	Earmarked Reserves	Total General Fund	Housing Revenue Account	Capital Receipts Reserve	HRA Major Repairs Reserve	Capital grants Unapplied	Council's Usable Reserves	Council's Unusable Reserves	Total Reserves of the Council Reserves of the Council	Authority's share of the reserves of subsidiaries, associates and joint venture	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	26,198	8,784	88,750	123,732	737	14,434	6,837	38,712	184,452	1,084,987	1,269,439	200	1,269,639
Final Reserves Adjustment	0	0	0	0	0	0	0	0	0	0	0	2,790	2,790
Balance at 1 April 2024	26,198	8,784	88,750	123,732	737	14,434	6,837	38,712	184,452	1,084,987	1,269,439	2,990	1,272,429
Surplus or (deficit) on provision of services	(44,527)	0	0	(44,527)	8,355	0	0	0	(36,172)	0	(36,172)	(17,000)	(53,172)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	48,075	48,075	(504)	47,571
Total Comprehensive Income and Expenditure	(44,527)	0	0	(44,527)	8,355	0	0	0	(36,172)	48,075	11,903	(17,504)	(5,601)
Adjustments between group accounts and the Council's accounts	(16,865)	0	0	(16,865)	0	0	0	0	(16,865)	0	(16,865)	16,865	0
Adjustments between accounting basis & funding basis under regulations	38,049	0	0	38,049	(8,220)	(3,288)	(613)	(1,797)	24,131	(24,131)	0	0	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	(23,343)	0	0	(23,343)	135	(3,288)	(613)	(1,797)	(28,906)	23,944	(4,962)	(639)	(5,601)
Transfers (to)/from Earmarked Reserves	19,874	607	(20,412)	69	(69)	0	0	0	0	0	0	0	0
Increase/(Decrease) in Year	(3,469)	607	(20,412)	(23,274)	66	(3,288)	(613)	(1,797)	(28,906)	23,944	(4,962)	(639)	(5,601)
Balance at 31 March 2025	22,729	9,391	68,338	100,458	803	11,146	6,224	36,915	155,546	1,108,931	1,264,477	2,351	1,266,828

Group Balance Sheet as at 31 March 2026

This statement shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Group.

31 March 2025 £000	Group Balance Sheet	Group Note	31 March 2026 £000
	Non-Current Assets		
1,492,077	- Property, Plant and Equipment		1,570,363
30,180	- Heritage Assets		35,330
162,054	- Investment Properties		164,971
7,086	- Intangible Assets		6,143
8,514	Long Term Investments		8,979
2,860	Investments in Associates		2,832
14,106	Long Term Debtors		13,561
1,716,877	Long Term Assets		1,802,179
0	Short Term Investments		0
11,387	Assets held for Sale		8,142
260	Inventories		304
85,790	Short Term Debtors		96,769
98,046	Cash and Cash Equivalents	3.5	82,777
195,483	Current Assets		187,992
(8,727)	Short Term Borrowing		(19,720)
(174,420)	Short Term Creditors		(193,879)
(3,233)	Bank Overdraft		(6,373)
(104,058)	Revenue Grant Receipts in Advance		(121,637)
(14,748)	Capital Grant Receipts in Advance Short-Term		(16,110)
(4,557)	Provisions < 1 yr		(894)
(309,743)	Current Liabilities		(358,613)
(26,810)	Provisions		(25,924)
(225,421)	Long Term Borrowing		(218,270)
(12,923)	Pension Fund Liability	4.0	(11,519)
(31,725)	Other Long Term Liabilities		(30,201)
(38,910)	Capital Grant Receipts in Advance		(35,423)
(335,789)	Long Term Liabilities		(321,337)
1,266,828	Net Assets		1,310,221
159,192	Usable Reserves	3.3	153,682
1,107,636	Unusable Reserves	3.3	1,156,539
1,266,828	Total Reserves		1,310,221

Group Cash Flow Statement for the year ended 31 March 2026

The Cash Flow statement shows the changes in cash and cash equivalents in the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

31 March 2025 £000	Group Cash Flow	31 March 2026 £000
53,157	Net (surplus) or deficit on the provision of services	(8,374)
(108,579)	Adjust net surplus or deficit on the provision of services for non cash movements	(88,299)
56,692	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	89,657
1,270	Net cash flows from Operating Activities	(7,016)
(30,571)	Investing Activities	26,658
17,000	Financing Activities	(1,233)
(12,301)	Net increase/decrease in cash and cash equivalents	18,409
82,512	Cash and cash equivalents at the beginning of the reporting period	94,813
94,813	Cash and cash equivalents at the end of the reporting period	76,404
(12,301)	Net increase/decrease in cash and cash equivalents	18,409

Notes to the Group core financial statements**Group Audit Costs for the year ended 31 March 2026**

Restated 2024-25 £000	Fees Payable for Audit Work	2025-26 £000
447	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	449
58	Fees payable in respect of certification of grant claims and other services	43
32	Fees payable for external audit services in regards to subsidiary companies in group	31
537	Total	523

Group Audit Costs for subsidiary companies consolidated on a line-by-line basis. Details for the Council are in Note 33 of the Single Entity accounts.

1. Overview

Cheshire West and Chester chooses to deliver its services through a variety of delivery models, either under ultimate control or in partnership with other organisations. The financial statements consider the Cheshire West and Chester Council as a single entity thus any business interests in other organisations are reflected in terms of the level of the Council's investment and not their financial performance, year-end balances and exposure to risk. In order to reflect a full picture of the Council's financial activities and business relationships, Group financial statements are produced to reflect the extent of Cheshire West and Chester's involvement in Group undertakings.

The Group

The relevant accounting standards have been applied in determining which organisations are included in the Group boundary. The extent of the Council's interest and control over the entity was considered as was the materiality of the financial impact on the Council's Group accounts and the transparency of less material entities to allow the reader to understand the Group's consolidated position. From this assessment four organisations have been identified as being within the Council's Group for financial reporting purposes and these are summarised below by the relevant Group category under which they fall.

- **Subsidiaries** - where the Council either wholly or by majority controls an entity. Subsidiaries of the Council included in the 2025-26 group accounts are Cheshire West and Chester Leisure CIC (Brio Leisure) and Cheshire West Recycling (CWR).
- **Joint Venture** – where the Council and another party exercise joint control over an entity. Edsential CIC is the only Joint Venture included in the Group financial statements.
- **Associates** – where the Council exercises a significant influence and has a participating interest. Enterprise Cheshire and Warrington is the only Associate company included in the 2025-26 Group accounts.

The Council has business interests in 12 organisations and these have been reviewed in accordance with the Code of Practice for consolidation purposes, of which only those reported above have been consolidated. Further information on all the organisations is given in the Related Parties note Council's single entity accounts (Note 36).

2. Group Accounting Policies

The Group accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom 2025-26 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and those International Financial Reporting Standards where CIPFA had provided guidance notes.

The accounting policies used in preparing the Group accounts reflect those used by Cheshire West and Chester Council in their single entity financial statements, these can be found in Note 1 of the Chester West and Chester Financial Statements. In order to ensure consistency of Accounting treatment and the alignment of policies across the Group the following policies have been adopted:

Consolidation of Subsidiaries

Subsidiaries have been consolidated using the acquisition accounting basis. This is the full, line by line consolidation of financial transactions and balances of the Council and its subsidiary companies. To avoid overstating balances within the Group financial statements, all transactions and balances between the Council and Group companies have been eliminated.

Consolidation of Joint Ventures and Associates

Both the Joint Venture and Associate companies have been consolidated using the equity method. The investment is brought into the Group balance sheet and adjusted to reflect the Council's share in the venture's net asset movement. The Council's share of the bodies operating results for the year is included within the Group income and expenditure account. Transactions between the Council and these bodies are not eliminated.

Alignment of Accounting Framework and Policies

Where the accounting framework used by Group companies differs from that of the Council (FRS102 rather than IAS19) including the accounting policies and the impact of such differences would have a material impact on the Group financial statements then the relevant balances from the Group companies will be adjusted to bring the accounting treatment into line with that applied by the Council.

Unrealised Profits from Intra-group Transactions

Any unrealised profit reflected in the carrying amount of property, plant and equipment and inventory arising from trading between the Council and its Group companies will be eliminated to avoid the double counting of gains.

Company Pensions Accounting Treatment

For 2024-25 and 2025-26 the pension assets for Brio Leisure and Cheshire West Recycling have exceeded the liabilities. In accordance with IFRIC14, an asset ceiling limits the amount of the net pension asset recognised in the accounts. The Group accounts therefore include an asset ceiling adjustment for Brio Leisure of £9.0m (£9.3m in 2024-25) and for Cheshire West Recycling of £1.6m (£2.4m in 2024-25) which reduces the net pension asset to nil.

Company losses Accounting Treatment

Edsential CIC has reported losses in the year. The losses have been treated in accordance with IAS 28, which states where the losses reduce the carrying amount to zero deductions are suspended, therefore the Edsential CIC losses have been excluded from the consolidated Group accounts for 2025-26.

Non-Consolidated Members

See Notes 4 and 36 of the Council's Accounts.

3. Reconciliation of the Council's Single Entity statements to Group statements

Further explanations as to the movement between the single entity and Group financial statements have been included in the notes to the accounts where the values and/or the impact on the Group statements are material. Note these are explanatory statements.

3.1 Group CIES by Entity type for the year ended 31 March 2026

	Council Single Entity £000	Subsidiaries £000	Joint Venture/ Associate £000	Intra-group transactions £000	Group Results £000
Public Health	2,727	0	0	0	2,727
Adults Directorate	137,643	0	0	0	137,643
Children & Families Directorate	136,338	0	0	0	136,338
Place & Growth Directorate	100,181	28,137	0	(29,694)	98,624
Corporate Services Directorate	37,679	0	0	0	37,679
HRA	(9,210)	0	0	0	(9,210)
Central Services	(6,829)	0	0	0	(6,829)
Capital Financing	8,680	0	0	0	8,680
Cost of Services	407,209	28,137	0	(29,694)	405,652
Other Operating Income & Expenditure	21,156	0	0	0	21,156
Financing & Investment Income and Expenditure	772	(803)	0	0	(31)
Taxation & Non-Specific Grant Income & Expenditure	(435,151)	0	0	0	(435,151)
Surplus/Deficit on Provision of Services	(6,014)	27,334	0	(29,694)	(8,374)
Share of the SDPS by Joint Ventures and Associates (-Profit/Loss)	0	0	(6)	0	(6)
Tax expenses of Joint Ventures and Associates	0	0	0	0	0
Tax expenses of Subsidiaries	0	9	0	0	9
Group (Surplus)/Deficit	(6,014)	27,343	(6)	(29,694)	(8,371)
Surplus on Revaluation of Assets	(51,700)	0	0	0	(51,700)
Re-measurement Gain/-loss on pension assets/liabilities	15,334	1,280	0	0	16,614
Share of Other Comprehensive Income & Expenditure of Associates	0	0	0	0	0
Share of the CIES of Joint Ventures	0	0	0	0	0
Other Comprehensive Income & Expenditure	(36,366)	1,280	0	0	(35,086)
Total Comprehensive Income and Expenditure	(42,380)	28,623	(6)	(29,694)	(43,457)

3.2 Group Expenditure and Funding Analysis for the year ended 31 March 2026

This schedule shows how expenditure is allocated for decision making purposes between the Council's directorates Income and Expenditure.

Expenditure and Funding Analysis	2025-26						
	Outturn Reported to Management	Total adjustments to Outturn position	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Net Expenditure in the CIES Subsidiaries	Net Expenditure in the CIES Group Total
	£000	£000	£000	£000	£000	£000	£000
Public Health	20,143	(19,213)	930	1,797	2,727	0	2,727
Adults Directorate	189,719	(50,930)	138,789	(1,146)	137,643	0	137,643
Children & Families Directorate	114,301	(1,937)	112,364	23,974	136,338	0	136,338
Place & Growth Directorate	67,227	3,196	70,423	29,758	100,181	(1,557)	98,624
Corporate Services Directorate	31,766	2,182	33,948	3,731	37,679	0	37,679
HRA	0	(14,105)	(14,105)	4,895	(9,210)	0	(9,210)
Central Services	16,034	(19,472)	(3,438)	(3,391)	(6,829)	0	(6,829)
Capital Financing	0	8,680	8,680	0	8,680	0	8,680
Net Cost of Services	439,190	(91,599)	347,591	59,618	407,209	(1,557)	405,652
Other Income and Expenditure	(438,081)	101,257	(336,824)	(76,399)	(413,223)	(803)	(414,026)
Joint Ventures and Associates	0	0	0	0	0	(6)	(6)
Tax expenses of Subsidiaries	0	0	0	0	0	9	9
(Surplus)/Deficit on Provision of Services	1,109	9,658	10,767	(16,781)	(6,014)	(2,357)	(8,371)
Opening General Fund and HRA Balances at 31 March 2025			(101,261)				
Deduct deficit on General Fund and HRA Balance in Year			10,767				
Closing General Fund and HRA Balances at 31 March 2026			(90,494)				

3.3 Movement in Reserves Statement by Entity as at 31 March 2026

Cheshire West and Chester Council Group 2025-26	Usable Reserves						Unusable Reserves				Total Group Reserves
	Council Single Entity £000	Intra-group transactions £000	Council Group £000	Subsidiaries £000	Joint Venture/ Associate £000	Group Total £000	Council Single Entity £000	Subsidiaries £000	Joint Venture/ Associate £000	Group Total £000	£000
Balance at 31 March 2025	155,546	0	155,546	(509)	4,155	159,192	1,108,931	0	(1,295)	1,107,636	1,266,828
Final Reserves Adjustment	0	0	0	(30)	(12)	(42)	0	0	(22)	(22)	(64)
Balance at 1 April 2025	155,546	0	155,546	(539)	4,143	159,150	1,108,931	0	(1,317)	1,107,614	1,266,764
Surplus or (deficit) on provision of services	6,014	29,694	35,708	(27,343)	6	8,371	0	0	0	0	8,371
Other Comprehensive Expenditure and Income	0	0	0	(1,280)	0	(1,280)	36,366	0	0	36,366	35,086
Total Comprehensive Expenditure and Income	6,014	29,694	35,708	(28,623)	6	7,091	36,366	0	0	36,366	43,457
Adjustments between group accounts and Council's accounts	0	(29,694)	(29,694)	29,694	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	(12,559)	0	(12,559)	0	0	(12,559)	12,559	0	0	12,559	0
Increase / (Decrease) in Year	(6,545)	0	(6,545)	1,071	6	(5,468)	48,925	0	0	48,925	43,457
Balance at 31 March 2026	149,001	0	149,001	532	4,149	153,682	1,157,856	0	(1,317)	1,156,539	1,310,221

The final reserve adjustment reflects changes between the draft and final Group company accounts.

3.4 Movement in Reserves Intra-Company Adjustments

	General Fund £000	Authority's Usable Reserves £000	Total Reserves of the Authority £000	Authority's share of Subsidiaries Reserves £000	Total Reserves £000
2025-26					
Expenditure on services provided by subsidiaries	(33,623)	(33,623)	(33,623)	33,623	0
Income from services provided to subsidiaries	3,929	3,929	3,929	(3,929)	0
Total adjustment between group and authority accounts	(29,694)	(29,694)	(29,694)	29,694	0
2024-25					
Expenditure on services provided by subsidiaries	(17,889)	(17,889)	(17,889)	17,889	0
Income from services provided to subsidiaries	1,024	1,024	1,024	(1,024)	0
Total adjustment between group and authority accounts	(16,865)	(16,865)	(16,865)	16,865	0

3.5 Balance Sheet as at 31 March 2026

Group Balance Sheet by Entity type as at 31 March 2026	Council Single Entity £000	Subsidiaries £000	Joint Venture/ Associate £000	Intra-group transactions £000	Group Results £000
Non-Current Assets	1,770,117	547	0	0	1,770,664
Intangible Assets	6,143	0	0	0	6,143
Long Term Investments	8,979	0	0	0	8,979
Investments in Associates	0	0	2,832	0	2,832
Long Term Debtors	13,561	0	0	0	13,561
Long Term Assets	1,798,800	547	2,832	0	1,802,179
Assets held for Sale	8,142	0	0	0	8,142
Inventories	218	86	0	0	304
Short Term Debtors	97,731	1,467	0	(2,429)	96,769
Cash and Cash Equivalents	76,444	6,333	0	0	82,777
Current Assets	182,535	7,886	0	(2,429)	187,992
Short Term Borrowing	(19,720)	0	0	0	(19,720)
Short Term Creditors	(188,499)	(7,809)	0	2,429	(193,879)
Bank Overdraft	(6,373)	0	0	0	(6,373)
Revenue Grant Receipts in Advance	(121,637)	0	0	0	(121,637)
Capital Grant Receipts in Advance Short-Term	(16,110)	0	0	0	(16,110)
Provisions < 1 yr	(894)	0	0	0	(894)
Current Liabilities	(353,233)	(7,809)	0	2,429	(358,613)
Provisions	(25,924)	0	0	0	(25,924)
Long Term Borrowing	(218,270)	0	0	0	(218,270)
Pension Fund Liability	(11,519)	0	0	0	(11,519)
Other Long Term Liabilities	(30,109)	(92)	0	0	(30,201)
Capital Grant Receipts in Advance	(35,423)	0	0	0	(35,423)
Long Term Liabilities	(321,245)	(92)	0	0	(321,337)
Net Assets	1,306,857	532	2,832	0	1,310,221
Usable Reserves	149,001	532	4,149	0	153,682
Unusable Reserves	1,157,856	0	(1,317)	0	1,156,539
Total Reserves	1,306,857	532	2,832	0	1,310,221

3.6 Cash Flow Statement for the year ended 31 March 2026

Group Cash Flow by Entity type 2025-26	Council Single Entity £000	Subsidiaries £000	Intra-group transactions £000	Group Results £000
Net cash flows from Operating Activities	(4,829)	(2,187)	0	(7,016)
Investing Activities	26,773	(115)	0	26,658
Financing Activities	(1,233)	0	0	(1,233)
Net increase/decrease in cash and cash equivalents	20,711	(2,302)	0	18,409
Cash and cash equivalents at the beginning of the reporting period	90,782	4,031	0	94,813
Cash and cash equivalents at the end of the reporting period	70,071	6,333	0	76,404
Net increase/decrease in cash and cash equivalents	20,711	(2,302)	0	18,409

4. Defined Benefit Pension Schemes

The following transactions have been included in the Group Comprehensive Income and Expenditure Statement, and the General Fund Balance through the Group Movement in Reserves Statement.

Group Pension CIES and MIRS	<-----LGPS----->			Group £000	Teachers Unfunded	LGPS Unfunded	Total
	CW&C £000	Brio Leisure £000	CWR £000		2025-26 £000	2025-26 £000	2025-26 £000
Comprehensive Income and Expenditure Statement							
Service cost comprising:							
Current service cost	21,735	647	87	22,469	0	0	22,469
Past service costs and curtailments	564	0	0	564	0	0	564
(Gain) from settlements	(1,745)	0	0	(1,745)	0	0	(1,745)
Financing and Investment Income and Expenditure							
Net Interest Cost	(24,583)	(560)	(138)	(25,281)	671	35	(24,575)
Interest on the effect of the asset ceiling	24,036	0	0	24,036	0	0	24,036
Total post-employment benefits charged to Surplus or Deficit on the Provision of Services (SDPS)	20,007	87	(51)	20,043	671	35	20,749
Other post-employment benefits charged to the CIES							
Remeasurement of the net defined benefit liability comprising:							
Return on plan assets (excluding the amount included in the net interest expense)	(39,405)	(561)	(22)	(39,988)	0	0	(39,988)
Actuarial Gains / Losses arising on changes in demographic assumptions	(12,842)	(262)	(97)	(13,201)	(156)	(10)	(13,367)
Actuarial Gains / Losses arising on changes in financial assumptions	(30,652)	(536)	(162)	(31,350)	(127)	3	(31,474)
Other experience	150,230	2,718	1,166	154,114	(316)	5	153,803
Adjustment for Asset Ceiling Calculation	(51,396)	(249)	(715)	(52,360)	0	0	(52,360)
Total post-employment benefit charged to the CIES	35,942	1,197	119	37,258	72	33	37,363
Movement in Reserves Statement							
Reversal of net charges made to the SDPS for post-employment benefits	(20,007)	0	0	(20,007)	(671)	(35)	(20,713)
Actual amount charged against the General Fund							
Employers' contributions	33,730	0	0	33,730	0	0	33,730
Effect of business combinations and disposals	2,212	0	0	2,212	0	0	2,212
Retirement Benefits Payable	0	0	0	0	1,410	99	1,509

There are no statutory accounting requirements in relation to subsidiary companies.

Pensions and Liabilities Recognised in the Balance Sheet

Pensions and Liabilities in the Group Balance Sheet	CW&C	Brio Leisure	CWR	LGPS Group	Teachers Unfunded	LGPS Unfunded	Total
	2025-26 £000	2025-26 £000	2025-26 £000	2025-26 £000	2025-26 £000	2025-26 £000	2025-26 £000
Present value of obligations	(1,374,638)	(18,789)	(4,403)	(1,397,830)	(10,928)	(591)	(1,409,349)
Fair value of plan assets	1,761,982	27,831	6,051	1,795,864	0	0	1,795,864
Adjustment for the effect of the asset ceiling	(387,344)	(9,042)	(1,648)	(398,034)	0	0	(398,034)
Net Pension Liability	0	0	0	0	(10,928)	(591)	(11,519)

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities	<----- LGPS ----->				Teachers	LGPS	Total
	CW&C £000	Brio Leisure £000	CWR £000	Group £000	Unfunded 2025-26 £000	Unfunded 2025-26 £000	2025-26 £000
Opening Balance	1,323,808	16,117	3,420	1,343,345	12,266	657	1,356,268
Current Service Costs	21,735	647	87	22,469	0	0	22,469
Interest Cost	76,390	962	200	77,552	671	35	78,258
Contribution by Scheme Members	10,793	354	39	11,186	0	0	11,186
Remeasurement (gains) and losses:							
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0	0	0	0
Actuarial gains/losses arising from changes in demographic assumptions	(12,842)	(262)	(97)	(13,201)	(156)	(10)	(13,367)
Actuarial (gains)/losses arising from changes in financial assumptions	(30,652)	(536)	(162)	(31,350)	(127)	3	(31,474)
Other experience	40,975	1,838	998	43,811	(316)	5	43,500
Benefits Paid	(61,808)	(331)	(82)	(62,221)	(1,410)	(99)	(63,730)
Past Service Costs & curtailments	564	0	0	564	0	0	564
Liabilities Extinguished on Settlement	(7,110)	0	0	(7,110)	0	0	(7,110)
Effect of Business combinations and disposals	12,785	0	0	12,785	0	0	12,785
Closing balance at 31 March 2026	1,374,638	18,789	4,403	1,397,830	10,928	591	1,409,349

Movement in Fair Value of Assets	<----- LGPS ----->				Teachers	LGPS	Total
	CW&C £000	Brio Leisure £000	CWR £000	Group £000	Unfunded 2025-26 £000	Unfunded 2025-26 £000	2025-26 £000
Opening Balance	1,738,512	25,408	5,783	1,769,703	0	0	1,769,703
Interest income	100,973	1,522	338	102,833	0	0	102,833
Remeasurement (gains) and losses:							
Return on plan assets, excluding the amounts included in net interest	39,405	561	22	39,988	0	0	39,988
Other Experience	(109,255)	(880)	(168)	(110,303)	0	0	(110,303)
Employer Contributions	33,730	1,197	119	35,046	0	0	35,046
Contribution by scheme members	10,793	354	39	11,186	0	0	11,186
Contributions - unfunded benefits	0	0	0	0	1,410	99	1,509
Benefits paid	(61,808)	(331)	(82)	(62,221)	0	0	(62,221)
Entity combinations	0	0	0	0	0	0	0
Unfunded benefits paid	0	0	0	0	(1,410)	(99)	(1,509)
Effect of Business combinations and disposals	14,997	0	0	14,997	0	0	14,997
Assets distributed on Settlement	(5,365)	0	0	(5,365)	0	0	(5,365)
Closing balance at 31 March 2026	1,761,982	27,831	6,051	1,795,864	0	0	1,795,864

Total Surplus/Deficit	387,344	9,042	1,648	398,034	(10,928)	(591)	386,515
Adjustment for Asset Ceiling Calculation	0	0	0	0	0	0	0
Net liability at 31 March 2026	387,344	9,042	1,648	398,034	(10,928)	(591)	386,515

Local Government Pension Scheme Assets

Quoted Prices in active markets 2024-25 £000	Quoted Prices not in active markets 2024-25 £000	Total 2024-25 £000	Group Pension Scheme assets	Quoted Prices in active markets 2025-26 £000	Quoted Prices not in active markets 2025-26 £000	Total 2025-26 £000	Share of Total Assets %
0	15,451	15,451	Cash & Cash Equivalents	0	31,810	31,810	2%
			Equity Securities:				
			By industry type:				
8,609	0	8,609	Consumer	4,869	0	4,869	0%
8,044	0	8,044	Manufacturing	8,547	0	8,547	1%
0	0	0	Energy and Utilities	0	0	0	0%
1,715	0	1,715	Financial Institutions	2,585	0	2,585	0%
3,653	0	3,653	Health and Care	2,108	0	2,108	0%
59,041	0	59,041	IT	51,598	0	51,598	3%
6,417	0	6,417	Other	3,864	0	3,864	0%
87,479	0	87,479		73,571	0	73,571	4%
0	116,827	116,827	Private equity:	0	105,424	105,424	6%
			Real Estate:				
0	131,120	131,120	UK	0	129,685	129,685	7%
0	2,257	2,257	Overseas	0	2,157	2,157	0%
0	133,377	133,377		0	131,842	131,842	7%
			Investment funds and unit				
519,728	0	519,728	Equities	632,517		632,517	35%
374,041	290,079	664,120	Bonds	353,948	318,239	672,187	38%
0	116,830	116,830	Hedge Funds	0	112,416	112,416	6%
0	33,159	33,159	Infrastructure	0	36,097	36,097	2%
0	82,732	82,732	Other	0	0	0	
893,769	522,800	1,416,569		986,465	466,752	1,453,217	81%
981,248	788,455	1,769,703	Total Assets	1,060,036	735,828	1,795,864	100%

The principal assumptions used by the Actuary have been:

The estimation is assessed on an actuarial basis by Hymans for all Group companies.

LGPS 2024-25	Actuarial assumptions	LGPS 2025-26
	Financial Assumptions	
3.45%	Rate of increase in salaries	3.70%
2.75%	Rate of increase in pensions	3.00%
	Discount rate used	
5.80%	Rate used to Discount liabilities	6.20%
	Demographic Mortality Assumptions	
	Longevity at 65 for current pensioners	
21.1 years	Men	21.8 years
23.9 years	Women	24.5 years
	Longevity at 65 for future pensioners	
21.7 years	Men	22.5 years
25.3 years	Women	25.8 years

Sensitivity analysis - impact on the defined benefit obligation in the scheme	Increase in assumption	Increase in assumption	Increase in assumption	Decrease in assumption	Decrease in assumption	Decrease in assumption
	LGPS	Teachers Unfunded	LGPS Unfunded	LGPS	Teachers Unfunded	LGPS Unfunded
	£000	£000	£000	£000	£000	£000
Longevity (change by 1 year)	54,986	0	0	(54,986)	0	0
Salary inflation (change by 0.1%)	743	0	0	(743)	0	0
Pension inflation (change by 0.1%)	19,435	174	7	(19,435)	(174)	(7)
Discount rate (change by 0.1%)	(20,193)	(174)	(7)	20,193	174	7

Liability split	CW&C	Brio	CWR
	Liability Split %	Liability Split %	Liability Split %
Active members	26.6%	58.7%	60.4%
Deferred members	18.2%	14.3%	11.8%
Pensioner members	55.2%	27.0%	27.8%
Total	100.0%	100.0%	100.0%

The average duration of the employer's funded liabilities are as follows:

Cheshire West and Chester Council – 19 years

Brio Leisure – 24 years

Cheshire West Recycling – 21 years

Core Financial Statements

Cheshire West and Chester Council

Comprehensive Income and Expenditure Statement (CIES)

For the year ended 31 March 2026

This account shows the economic cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (**Note 2**) and the Movement in Reserves Statement.

2024-25			Directorate/Service	2025-26		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
26,243	(22,777)	3,466	Public Health	40,862	(38,135)	2,727
232,589	(55,814)	176,775	Adults Directorate	243,836	(106,193)	137,643
425,486	(300,199)	125,287	Children & Families Directorate	456,974	(320,636)	136,338
195,678	(103,018)	92,660	Place & Growth Directorate	210,445	(110,264)	100,181
119,831	(78,043)	41,788	Corporate Services	110,819	(73,140)	37,679
18,054	(28,058)	(10,004)	HRA	19,334	(28,544)	(9,210)
31,252	(46,710)	(15,458)	Central Services	(5,499)	(1,330)	(6,829)
10,145	(7,037)	3,108	Capital Financing	15,320	(6,640)	8,680
1,059,278	(641,656)	417,622	Cost of Services	1,092,091	(684,882)	407,209
3,890	0	3,890	Other Operating Income & Expenditure (Note 11)	21,156	0	21,156
30,772	(24,029)	6,743	Financing & Investment Income and Expenditure (Note 12)	24,275	(23,503)	772
23,727	(398,945)	(375,218)	Taxation & Non-Specific Grant Income and Expenditure (Note 13)	25,524	(460,675)	(435,151)
1,117,667	(1,064,630)	53,037	(Surplus) or Deficit on Provision of Services	1,163,046	(1,169,060)	(6,014)
		(53,103)	Surplus on Revaluation of Assets			(51,700)
		5,028	Remeasurement of the pension liability / (asset)			15,334
		(48,075)	Other Comprehensive Income & Expenditure (Note 14)			(36,366)
		4,962	Total Comprehensive Income and Expenditure			(42,380)

Movement in Reserves Statement

For the year ended 31 March 2026

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

Movement in reserves statement	General Fund Balance £000	Sums held by Schools £000	Earmarked Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	HRA Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Opening Balance at 1st April 2025	22,729	9,391	68,338	100,458	803	11,146	6,224	36,915	155,546	1,108,931	1,264,477
Surplus or (deficit) on provision of services	(3,178)	0	0	(3,178)	9,192	0	0	0	6,014	0	6,014
Other Comprehensive Income and Expenditure (Note 14)	0	0	0	0	0	0	0	0	0	36,366	36,366
Total Comprehensive Income and Expenditure	(3,178)	0	0	(3,178)	9,192	0	0	0	6,014	36,366	42,380
Adjustments between accounting basis & funding basis under regulations (Note 8)	(6,718)	0	0	(6,718)	(10,063)	6,924	(441)	(2,261)	(12,559)	12,559	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(9,896)	0	0	(9,896)	(871)	6,924	(441)	(2,261)	(6,545)	48,925	42,380
Transfers to / from Earmarked Reserves	11,282	(2,155)	(10,002)	(875)	875	0	0	0	0	0	0
Increase / (Decrease) in Year	1,386	(2,155)	(10,002)	(10,771)	4	6,924	(441)	(2,261)	(6,545)	48,925	42,380
Closing Balance at 31 March 2026	24,115	7,236	58,336	89,687	807	18,070	5,783	34,654	149,001	1,157,856	1,306,857

2024-25 Comparative figure

Movement in reserves statement	General Fund Balance £000	Sums held by Schools £000	Earmarked Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	HRA Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Opening Balance at 1st April 2024	26,198	8,784	88,750	123,732	737	14,434	6,837	38,712	184,452	1,084,987	1,269,439
Surplus or (deficit) on provision of services	(61,392)	0	0	(61,392)	8,355	0	0	0	(53,037)	0	(53,037)
Other Comprehensive Income and Expenditure (Note 14)	0	0	0	0	0	0	0	0	0	48,075	48,075
Total Comprehensive Income and Expenditure	(61,392)	0	0	(61,392)	8,355	0	0	0	(53,037)	48,075	(4,962)
Adjustments between accounting basis & funding basis under regulations (Note 8)	38,049	0	0	38,049	(8,220)	(3,288)	(613)	(1,797)	24,131	(24,131)	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(23,343)	0	0	(23,343)	135	(3,288)	(613)	(1,797)	(28,906)	23,944	(4,962)
Transfers to / from Earmarked Reserves	19,874	607	(20,412)	69	(69)	0	0	0	0	0	0
Increase / (Decrease) in Year	(3,469)	607	(20,412)	(23,274)	66	(3,288)	(613)	(1,797)	(28,906)	23,944	(4,962)
Balance at 31 March 2025	22,729	9,391	68,338	100,458	803	11,146	6,224	36,915	155,546	1,108,931	1,264,477

Balance Sheet

As at 31 March 2026

This statement shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the Usable and Unusable Reserves held by the Council. Usable Reserves are those 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. Unusable Reserves are not available to fund services and include 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'.

31 March 2025 £000	Balance Sheet	Note	31 March 2026 £000
	Non-Current Assets		
1,491,389	Property, Plant and Equipment	15	1,569,816
30,180	Heritage Assets	16	35,330
162,054	Investment Properties	17	164,971
7,086	Intangible Assets	18	6,143
8,514	Long Term Investments	20	8,979
14,106	Long Term Debtors	20	13,561
1,713,329	Long Term Assets		1,798,800
11,387	Assets held for Sale	19	8,142
163	Inventories		218
85,591	Short Term Debtors	21	97,731
94,015	Cash and Cash Equivalents	22	76,444
191,156	Current Assets		182,535
(8,727)	Short Term Borrowing	20	(19,720)
(169,054)	Short Term Creditors	23	(188,499)
(3,233)	Bank Overdraft	22	(6,373)
(104,058)	Revenue Grant Receipts in Advance	35	(121,637)
(14,748)	Capital Grant Receipts in Advance Short-Term	35	(16,110)
(4,557)	Provisions < 1 yr	24	(894)
(304,377)	Current Liabilities		(353,233)
(26,810)	Provisions	24	(25,924)
(225,421)	Long Term Borrowing	20	(218,270)
(12,923)	Pension Fund Liability	43	(11,519)
(31,567)	Other Long Term Liabilities	20	(30,109)
(38,910)	Capital Grant Receipts in Advance Long-Term	35	(35,423)
(335,631)	Long Term Liabilities		(321,245)
1,264,477	Net Assets		1,306,857
155,546	Usable Reserves	25	149,001
1,108,931	Unusable Reserves	26	1,157,856
1,264,477	Total Reserves		1,306,857

Cash Flow Statement

For the year ended 31 March 2026

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

31 March 2025 £000	Cash Flow Statement	31 March 2026 £000
53,037	Net (surplus) or deficit on the provision of services	(6,014)
(107,592)	Adjust net surplus or deficit on the provision of services for non cash movements	(88,322)
56,422	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	89,507
1,867	Net cash flows from Operating Activities	(4,829)
(30,523)	Investing Activities	26,773
17,000	Financing Activities	(1,233)
(11,656)	Net increase/decrease in cash and cash equivalents	20,711
79,126	Cash and cash equivalents at the beginning of the reporting period	90,782
90,782	Cash and cash equivalents at the end of the reporting period	70,071
(11,656)	Net increase/decrease in cash and cash equivalents	20,711

Further details are disclosed in Notes 27, 28 and 29 of the supporting information.

Notes to the Core Financial Statements

1. Significant Accounting Policies

1.1 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 by The Accounts and Audit (England) Regulations 2015 to prepare an annual Statement of Accounts, and those regulations require it to be prepared in accordance with proper accounting practices. These practices primarily comprise of the 'The Code of Practice on Local Authority Accounting in the United Kingdom' (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the accounts is principally historical cost and fair value, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

1.2 Changes to Accounting Policies, Presentation, Disclosure and Comparative Information

Where there is a change in an accounting policy, the changes for the current reporting period and, where practical, the changes resulting from retrospective application are disclosed in each financial statement. Corrections are only made to update accounting estimates or to correct errors where failure to do so would materially misrepresent the Council's financial position.

Where changes to prior periods are required, these will be set out in a separate note disclosing the impact and, where material, within comparative information.

For 2025-26, the Code introduces several changes and these are listed below:

- A revaluation expedient for property, plant and equipment, requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available.
- Intangible assets to be held at historical cost only.
- The code has removed the previous adjustment, enabling the use of both IAS 16 Property, Plant & Equipment permitted methods for handling accumulated depreciation on revalued assets
- A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36 Impairment of Assets.
- Updates to Section 4.1 to reflect the statutory override for infrastructure assets being extended to 31 March 2029.
- Updates to Section 7.1 to reflect the statutory override for pooled investments being extended to 31 March 2029 for pooled investments entered into by 1 April 2024.

1.3 Accruals of Income and Expenditure

Revenue Recognition

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth. Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients, it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the

service recipient. Revenue is measured as the amount of the contract / transaction price which is allocated to that performance obligation when met. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Income and expenditure are accounted for on an accrual basis in the year the activity it relates to takes place. This means income is recorded when it is earned not when it is received and expenditure when it is incurred not paid.

In particular:

- Sales, fees, charges and rent due from customers are accounted for as income at the date the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.
- Supplies are recorded as expenditure when they are consumed, where there is a gap between their purchase and consumption they are carried as inventory on the balance sheet.
- Interest payable on borrowing and receivable on investments is accounted for on the basis of effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract.
- Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is impaired and written down to the recoverable amount and a charge made to the revenue for income that might not be collected.
- Where payment is made or income received in advance of a service being received or delivered then a prepayment or receipt in advance is recorded in the Balance Sheet.

Exceptions to these rules include:

- Rents for Council houses - these are due in full on the date the weekly debit is raised. No receipt in advance is recorded for any part of the debit raised in the last week of March that relates to a period after 31 March.
- Payroll costs – expenses earned in March but not paid until April or later are not accrued for and are recognised in the new financial year's accounts.

These exceptions are applied consistently to ensure that 12 months costs are charged each year and there is no material impact on the reported accounts.

1.4 Accounting for Council Tax

While the Council Tax income credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year as estimated in January of the financial accounting year.

The Council Tax income included in the CIES is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the MiRS.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

1.5 Accounting for Non-Domestic Rates (NDR)

Similarly to Council Tax, regulations dictate that there are differences between when NDR income is recognised in the Council's accounts and when it is released to the General Fund. The NDR income reflected in the Collection Fund represents the total accrued income for the year for the Cheshire West and Chester area; this includes allowances for non-collection and any repayments which may be required due to appeals. The Council is entitled to receive 49% of this income (with 50% being due to Central Government and 1% to Cheshire Fire and Rescue Service) and this is reflected in the CIES.

Under regulation the amount of NDR that can be credited to the Council's General Fund in any year is restricted to the level estimated at the start of that financial year plus/minus its share of any surpluses or deficits anticipated at that time. Any differences between this sum and the share of accrued NDR income is included in the CIES is taken to the Collection Fund Adjustment Account via the MiRS.

The Government operates equalisation arrangements whereby funding is top-sliced from Councils with a large NDR income base and transferred to those with a lower income base. Under this scheme Cheshire West and Chester is required to transfer approximately 25% of its accrued share of NDR income each year as a tariff payment. The cost of making this payment is recorded in the CIES.

1.6 Accounting for Schools

In line with the accounting standards and the Code on group accounts and consolidation, all maintained schools are considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. Maintained schools exclude Academies and Free Schools but cover all the following schools:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

Schools non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets or have had the right to use the assets transferred to them. The Council has judged that faith schools (voluntary aided or controlled) which are not sited on Council land, over which it has no long term guarantees of availability, do not meet the criteria for recognition as an asset under IAS16. Consequently, the non-current assets of Church Owned schools are not recognised on the Balance Sheet.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure within the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset is not a charge to the General Fund, as the cost of the non-current asset disposals resulting from schools transferring to an Academy 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 MiRS.

1.7 Dedicated Schools Grant (DSG)

The Council's accounts are prepared in accordance with the Schools and Early Years Finance (England) Regulations 2020, which require local authorities to carry forward any overspends on the DSG. Further regulations, which came into force on 29 November 2020, mandate that any DSG deficit must not be charged to the Council's General Fund but instead must be recognised in a separate DSG Adjustment Account, maintained solely for the purpose of recording deficits relating to the schools' budget.

These regulations also prohibit the Council from applying General Fund resources to reduce the DSG deficit unless approval is granted by the Secretary of State. This reflects the statutory requirement that any deficit is to be carried forward and funded from future DSG allocations rather than from the Council's usable reserves.

The statutory instrument which prevents this deficit from being offset against usable reserves is currently in force until 31 March 2028, after which the accounting treatment will be subject to further government direction.

In February 2026, the government announced support for Local Authorities with DSG deficits through a High Needs Stability Grant. The grant is expected to be paid in 2026-27 and is intended to support the elimination of deficits held in the unusable reserve at 31 March 2026. Funding will only be provided once a Local Authority has developed and submitted a SEND reform plan that is approved as meeting the required criteria. Due to the current statutory override, the grant will be held in an appropriate reserve and applied only to reduce the DSG deficit recognised at 31 March 2026 when the override ceases at the end of 2027-28.

1.8 Agency Income and Expenditure

Under various statutory powers, a Council may agree with other local authorities and Government departments to do work on their behalf. The body carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution toward administrative costs.

Cheshire West and Chester Council have acted as an agent on behalf of:

- Major preceptors – Cheshire Police and Cheshire Fire and Rescue in the collection of Council Tax.
- Central Government and Cheshire Fire and Rescue – In relation to the collection of Non-Domestic Rates income.
- Business Improvement Districts – Collecting income in relation to BIDs in Northwich, Gadbrook Park, West Chester, and Winsford 1-5 and paying the sums over to Groundwork or CH1 for the provision of security and environmental services.
- Cheshire and Warrington Combined Authority - The accountable body for income and expenditure incurred in relation to the set-up of the new Combined Authority.

1.9 Pooled Budgets

Under Section 75 of the National Health Service Act 2006, the Council is able to establish joint working arrangements with NHS bodies and other Councils to pool funds from both organisations

to create a single pot. Where pooled budgets are established, the Council's accounts reflect only the Council's share of the overall pot and exclude the share attributable to partner organisations.

1.10 Current and Non-Current Distinction

Assets are classified as current when they are expected to be realised within one year. Liabilities are classified as current when they are expected to be settled within one year of the date of the Statement of Accounts. All other assets and liabilities are classified as non-current.

The following are generally classified as non-current:

- intangible assets
- tangible assets (property plant and equipment, heritage, investment property)
- investments in group companies
- pension fund liability
- capital receipts in advance
- long term borrowing
- other debtors

Generally, the following are classified as current assets or liabilities:

- cash and cash equivalents
- inventories
- assets held for sale
- short term investments
- short term borrowing
- other creditors

1.11 Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period (the Statement of Accounts is adjusted to reflect such events);
- those that are indicative of changes in conditions after the reporting period. The Statement of Accounts is not adjusted to reflect such events but where they will have a material impact, disclosure is made in the notes of the nature of these events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the accounts, see Note 7 for details.

1.12 Exceptional Items

When items of expenditure or income are individually material, their nature and amount are disclosed separately, either in the CIES or in the Notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

1.13 Cash and Cash Equivalents

Cash comprises cash in hand and recoverable on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.14 Employee Benefits

Benefits Payable During Employment

The Council recognises the costs of benefits received by current employees (such as wages, salaries or long-term benefits) as they are incurred. All such costs are charged to the CIES.

Payments for accumulating paid absences (e.g. annual/flexi leave entitlements) are accounted for as they are earned and not when they are taken. Where leave has been earned during the current year but not fully taken (and can be carried forward to the following year), the cost of the earned leave entitlement is recognised in the current year. An annual accrual is undertaken to reflect these untaken entitlements at current rates of pay, as any change to current rates of pay for which the entitlement is paid is deemed not material and therefore no uplift has been accrued.

To prevent fluctuations from impacting on Council Tax, the year on year change in costs generated by this accrual is transferred to a specific reserve via the MiRS.

Termination Benefits

Termination benefits are usually payable following compulsory or voluntary redundancy decisions. These include lump-sum payments and enhancement of retirement benefits and salary beyond the period in which the employee provides economic benefit to the Council.

Redundancy and enhanced salary costs are recognised in the CIES as soon as the Council is demonstrably committed to incurring the costs. However, enhanced retirement benefits, paid via the Pension Fund, are charged to the General Fund in accordance with the pension regulations. The Council funds these actuarial early retirement costs through the long term liability reserve.

Post-Employment Benefits (Pensions)

The LGPS provides defined benefits based on a member's career average salary in the form of lump sums and pensions based on scheme membership earned during employment.

Any fundamental amendments to the Pension Plan will require comparator values to be included in the Accounts to establish any resultant gain or loss.

(i) Local Government Pension Scheme

All employees (other than teachers and NHS), subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. Councillors were also eligible to participate in the scheme up to the year ending March 2016. From 11 May 2026, Councillors became eligible to join the LGPS on an opt-in basis following the introduction of the Local Government Pension Scheme (Amendment) (Elected Member Pensions) Regulations 2026. The scheme is known as the Cheshire Pension Fund and is administered by Cheshire West and Chester Council; it is governed by the Public Services Pensions Act 2013 and administered with the following secondary legislation on behalf of all participating employers:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016
- The LGPS (Amendment) (Elected Member Pensions) Regulations 2026

Under International Accounting Standard 19 (IAS 19) the Local Government Scheme is accounted for as a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is an assessment of the future payments that will be made in relation to retirement benefits

earned to date by employees. Those liabilities are discounted to their present-day equivalent using the indicative rate of return on a high-quality corporate bond.

An asset ceiling has been introduced in the Statement of Accounts since 2022-23. This change references the maximum benefit that is available in terms of any pension surplus and the present value of any reduction in future service costs. The asset ceiling recognises the lower of any IAS19 surplus or asset ceiling (present value of future economic benefits available).

The assets of the Fund attributable to the Council are included at their fair value as follows:

- Quoted securities using current bid price.
- Unquoted securities based on professional estimate.
- Unitised securities current bid price.
- Property market value.

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

A) Service Costs

i) Current Service Cost – any increases due to service earned this year.

ii) Past Service Cost – changes arising from current year decisions which affect the value of service earned in earlier years. Curtailments are additional employer liabilities incurred when a member stops contributing to the scheme earlier than expected, e.g. following redundancy, but without a reduced pension.

iii) Gains/Losses on Settlements – the result of actions that change the scope of the Council's future pension liability, for example a group of staff transferring to a different employer.

B) Net Interest on the Defined Benefit Liability – difference between the increase in the present value of liabilities as they move a year closer to payment and the expected return on investments over the same period.

C) Remeasurements of the Defined Benefit Liability – the impact of changes to the assumptions underpinning the actuarial estimates of the value of assets and liabilities are charged to the Pension Reserve as Other Comprehensive Income and Expenditure. These could be due to changes in assumed mortality rates, discount rates, inflation or because the actual level of investment returns is different from the long-term averages assumed under B.

D) Contributions Paid to the Fund – cash paid as employer contributions to the Pension Fund. Components A-B are charged to the CIES in year (as detailed in Note 43) but, to avoid changes in pension liabilities from having a disproportionate impact on Council Tax, statutory provisions exist that restrict the amount charged against the General Fund.

(ii) Teachers' Pension Scheme

This scheme is administered by the Teachers' Pensions Agency (TPA), on behalf of the Department for Education (DfE). Although the scheme is unfunded, the Government operates a notional fund as the basis for calculating employers' contributions.

This scheme is accounted for on a defined contribution basis – no liability for future payments is recognised in the Balance Sheet, and the Children & Families Directorate line in the CIES is charged with the employer's contributions payable in the year.

(iii) Teachers' Unfunded Scheme

In addition, the Council is responsible for any payments outside the scheme relating to early retirement and these are charged to the CIES within Net Cost of Service to the Directorate they relate. This scheme holds no assets and is accounted for on a defined benefit basis using the same policies that are applied to the Local Government Pension Scheme.

1.15 Fair Value Measurement

The Council measures a number of its non-financial assets such as surplus assets and investment properties at fair value and its financial instruments at amortised cost 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:

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority 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 authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date e.g. Treasury Bills, Gilts and Certificates of Deposit.
- Level 2 – inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly or indirectly e.g. fixed term bank deposits.
- Level 3 – unobservable inputs for the asset or liability. For example, Ordinary shares in unquoted limited companies.

1.16 Financial Instruments

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and are carried at their amortised cost (carrying value). Interest payable on such amounts is charged to the CIES by multiplying the carrying value by the effective interest rate.

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

Penalties on the early repayment of existing loans are debited to the Financing and Investment Income and Expenditure line in the CIES in the year of early repayment.

Where the early repayment involves the exchange of an existing loan for a new replacement loan (modification), then the cost of any penalty for the early repayment of the loan is added to the carrying value of the new replacement loan and charged to the CIES over the life of the

replacement loan as part of the interest charge on the loan. Where penalties for early repayment have been charged to the CIES, regulations allow the impact on the General Fund to be spread over future years. The Council has a policy of spreading such penalties over the remaining term of the replacement loan. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the MiRS.

1.17 Financial Assets

Financial assets are classified and measured according to the reason the Council has for holding the financial assets and the asset's cash flow characteristics.

There are three main classes and measurement bases for financial assets:

- at amortised cost
- at fair value through profit or loss (FVPL), and
- at fair value through other comprehensive income (FVOCI).

The Council's business model is to buy and hold investments in order to collect contractual cash flows i.e. payments of interest over the term of the asset and repayment of the principal amount invested at the end. Most of the Council's financial assets are therefore classified as being at amortised cost.

Financial Assets Measured at Amortised Cost

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Likewise, the amount of interest credited to the CIES is the amount receivable for the year as per the loan agreement. Any profit or loss on the sale of the financial asset is debited / credited to the Financing and Investment Income and Expenditure line in the CIES in the year of sale.

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

These assets are initially measured at fair value (market price). At each balance sheet date the asset's fair value is re-measured to the current fair value (market price). Changes in fair value between balance sheet dates are charged or credited to the Surplus / Deficit on the Provision of Services (SDPS).

The fair values of such assets are determined as follows:

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

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section Fair Value Measurement.

When an asset measured at FVPL is sold any profit or loss on sale is credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

IFRS 9 Financial Instruments sets out that equity type investments should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in FVOCI. The Council will assess each equity type investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument. Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

The Council holds pooled investments in a property fund and an equity fund. Any changes in the valuation are required to be recognised as fair value through profit and loss, which again would impact upon the Council's general fund reserve and revenue budget. The Ministry of Housing, Communities and Local Government (MHCLG) has permitted a statutory override until 1 April 2029 to English Local Authorities for legacy investments already in place at the end of the previous financial year (1 April 2024) to mitigate the impact of these changes in valuations. The Council has utilised the statutory override to account for any changes in the value of these investments.

Financial Assets measured at Fair Value through Other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through FVOCI whether this be by election or by reason of statute. The Council has made an irrevocable election to designate certain financial assets as FVOCI on the basis that they are not held for trading but are held for longer term strategic purposes which includes the collection of dividend income.

The asset is initially measured and subsequently re-measured to current fair value at each balance sheet date. Dividend income is credited to Financing and Investment Income and Expenditure in the CIES when it becomes receivable by the Council. Changes in fair value between balance sheet dates are charged / credited to Other Comprehensive Income and Expenditure and are matched by an entry in the Financial Instruments Revaluation Reserve. This matching entry means that there is no impact on the SDPS at that time. When the asset concerned is finally sold the cumulative profits or losses previously recognised in Other Comprehensive Income and Expenditure (i.e. sale proceeds less original cost) are transferred from the Financial Instruments Revaluation Reserve and recognised in the SDPS.

1.18 Expected Credit Loss Model

The Council recognises expected credit losses (i.e. non-payment of principal and / or interest) on all of its financial assets held at amortised cost (or where relevant FVOCI). Usually, only credit losses arising in the next 12 months are calculated. Lifetime losses are only recognised when the risk of the amount lent out not being made in full increases significantly over the year. Trade receivables (debtors) and HRA tenant debtors are permitted to use the simplified approach to expected credit losses. 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.

1.19 Grants and Contributions

All Government grants and other contributions are accounted for on an accruals basis and recognised in the CIES as soon as there is reasonable assurance that the money will be received and all conditions attached to the funding will be met.

Income is not recognised until there is assurance that grant conditions will be met. Where funding has been received which still has outstanding conditions, the balance of cash received is recorded as a revenue or capital receipt in advance and included as a creditor on the Council's Balance Sheet.

When conditions have been met, specific grants and contributions are recorded within the Cost of Services section of the CIES, in line with the service area to which they relate. Non Specific Grants such as the Revenue Support Grant, Local Services Support Grant or PFI Grant are shown under Taxation and Non-Specific Grant Income (see Note 13).

No distinction is made between capital and revenue funding on initial recognition, but as capital income should not be charged to the General Fund or HRA it is subsequently adjusted out through the MiRS and credited to:

- The Capital Grants/Contributions Unapplied Account (until costs have been incurred);
- The Capital Adjustment Account (after costs have been incurred).

1.20 Group Accounts

The Council is the largest service provider of the Group whereas the members of the Group are wholly owned companies, joint ventures, associates and non-controlling interests. In the Council's single entity accounts, loans provided to group companies are shown within Long Term Debtors less impairment losses with any gains or losses being recognised in the CIES.

Further details on loans to group companies are shown within Note 46.

Consolidation of entities in the Group accounts is dependent on a number of factors including the extent of the Council's interest and power to influence and control, materiality, investment and transparency to allow the reader of the accounts to understand the boundary of the accounts; where these factors are not considered material those members of the Group have not been consolidated. An assessment of all the Council's interests has been carried out in accordance with the Code of Practice to determine the relationship and whether inclusion in the group accounts is required.

Specific policies in relation to the group accounting and consolidation process are contained in the notes to the Group statements.

1.21 Leases

The Council adopted IFRS 16 (Leases) from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024.

The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases i.e. existing leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time.

Peppercorn lease assets have been accounted for at fair value with valuations being carried out by the internal property team.

The asset created is treated as per any other Council asset of its type and is depreciated in the year of acquisition, impaired and revalued as appropriate. The costs of leases are not directly payable from Council Tax but as they form part of the Capital Financing Requirement the Council is required to make prudent provision for the repayment of the perceived capital investment. Any differences between this provision and the actual depreciation, impairment or revaluation costs charged in the CIES are reimbursed from the Capital Adjustment Account in the MiRS.

As noted under policy 1.25 below, with effect from 1 April 2024 IFRS16 also applies to Service Concession Agreements and results in the remeasurement of the lease liability.

Transitional arrangements for IFRS 16 have been removed in the 2025-26 Code; the Council continues to apply the full IFRS 16 requirements for leases and service concession arrangements.

1.22 Non-current Assets

Expenditure on the acquisition, creation or enhancement of non-current Assets is capitalised on an accruals basis, provided that it will yield benefits to the Council for more than one financial year. These include intangible assets, property, plant and equipment, heritage assets and investment properties. It would not typically include assets held for sale as they would normally be expected to be disposed of within twelve months.

The costs of these assets may include initial costs of acquisition and construction and subsequent costs to enhance or replace part of the asset. All other expenditure arising from day to day servicing of assets is recognised in the CIES as the costs are incurred. The Council has applied a de-minimis of £20,000 to operational properties.

a. Investment Assets

Investment assets are properties or land held solely to earn rental income or for capital appreciation. These include property interests held by the Council under leases and investment property let to lessees under operating leases. Where industrial estates are held partly for economic regeneration purposes they are classified as property, plant and equipment not investment properties.

Investment property is measured initially at cost and subsequently included in the Statement of Accounts at fair value. It is recognised as an asset when it is probable that the future economic benefits that are associated with the investment will flow to the Council and the cost or fair value can be measured reliably. Investment properties are not depreciated and an annual valuation programme. Subsequent updated valuations based on market evidence will be undertaken to ensure that the value at which investment assets are held in the accounts is a reasonable estimate of their fair value. Valuations are carried out in accordance with Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Any gain or loss experienced on revaluation, and any profit or loss on disposal is charged to the 'Financing and Investment' line of the CIES. These charges are not proper charges to the General Fund and are subsequently transferred to the Capital Adjustment Account through the MiRS.

b. Heritage Assets

These are typically tangible assets which are held by the Council for the benefit of the residents of the Borough. Heritage assets are held for their contribution to knowledge and culture and will include assets such as historic buildings, monuments, cultural artefacts or artistic exhibits. Where an asset meets these criteria but is also used extensively to deliver a service then it will be classified as property, plant and equipment.

Heritage assets are initially measured at cost and subsequently at an approximation of fair value. Due to the historic or unique nature of heritage assets it is not always possible to determine a fair value based on a market valuation. A hierarchy of valuation methods is therefore utilised:

- Market Valuation
- Depreciated Replacement Cost Valuation
- Insurance Valuation

- Depreciated Historic Cost
- No Valuation

The Council's heritage assets include the following major categories:

- **Historic Buildings and Memorials**

The Council owns a number of historic buildings which are held in trust for the residents of the Borough. These properties do not directly provide a service but do contribute to tourism around their locations. As these assets have no comparable market value, they are held at historic costs of the works the Council has undertaken to maintain or improve their appearance and function.

Due to their nature the properties/sites are not acquired or disposed of. Depreciation is charged to reflect the physical deterioration of the assets over time and expenditure to restore their condition is capitalised as it is incurred.

- **Statues, monuments and war memorials**

The Council owns and maintains a wide range of physical structures which exist for historic, cultural or commemorative reasons. These properties do not have an alternate use and would not have a reliable market value of their own beyond the materials used to construct them. The costs of obtaining such a valuation would be disproportionate to the benefit provided so these assets are not included on the Balance Sheet. New expenditure incurred to restore these structures to a reasonable condition will be capitalised.

- **Sites of Historic Interest**

The Council owns a number of historic sites which are held in trust for the residents of the Borough. These properties do not directly provide a service but do contribute to tourism around their locations. As these assets have no comparable market value, they are held at historic costs of the works the Council has undertaken to maintain or improve their appearance and function.

Due to their nature the properties/sites are not acquired or disposed of. Depreciation is charged to reflect the physical deterioration of the assets over time and expenditure to restore their condition is capitalised as it is incurred.

- **Museum Collections**

The Council holds collections of exhibits which are considered to be significant in recording the social and natural history of the Borough and its residents. These exhibits are held for the purpose of promoting knowledge, understanding and appreciation of the Council's history and are primarily held in the Council's museums. The assets are recorded in the Balance Sheet at their Insurance Valuation which is updated annually.

- **Historic Archives**

The Council's historic archives contain historic documents recording the written and printed history of the county of Cheshire. These documents have been compiled from a range of sources and include loaned and donated items. The collections are primarily held in Chester but relate to the whole of the former county, as such only part of the value of the collection is recorded in the Council's accounts. Due to the nature of these assets there is no ready market valuation available. Insurance valuations are based on the costs the Council would consider incurring in making repairs to the items. The documents are by definition not replaceable but this gives an indication of the value the Council attaches to these assets.

The archive is a shared resource between Cheshire West and Chester and Cheshire East Borough Council's.

On occasion the Council acquires new documents for identifiable cash payments. In these cases the assets will be added to the Balance Sheet at historic cost. The costs of acquiring new valuations for the other documents held by the Council would be disproportionate to the benefit this would give the users of the accounts, these assets are therefore held at their insurance valuations. The assets recorded are not depreciated.

- **Fine Art and Sculptures**

The Council also holds a number of items of fine art, largely paintings, sculpture and metalwork, which are held within its museums or civic buildings. These items are held on the Balance Sheet at insurance valuation as they have particular links to the local area and would not have a ready market value.

There is a limited turnover on these artefacts, any acquisitions/donations or disposals are recorded as capital expenditure or receipt in the year incurred. The assets are considered to have an unlimited useful life and as a result no depreciation is charged.

- **Civic Regalia**

The civic regalia held by the Council are items such as chains of office, badges and ceremonial maces for the various historic or current roles discharged by Council Members. These include items related to the Mayor, Mayoress, Deputy Mayor and their predecessors. All items are valued at their insurance valuation.

Where there are no meaningful measures of the value of a heritage asset, or the cost of acquiring such a valuation would be disproportionate to the benefit of doing so, the existence of the asset will be disclosed in the supporting statements (Note 16).

Depreciation costs and any gain or loss on revaluation/disposal are accounted for in the same manner as for property, plant and equipment assets (see below).

c. Intangible Assets

In accordance with the 2025-26 Code, intangible assets are measured at historical cost only. The option to apply a revaluation model has been withdrawn; intangible assets therefore remain at depreciated historical cost (where amortised) and are not subject to revaluation.

d. Property, Plant and Equipment

These are tangible assets that have a physical substance and are expected to be used during more than one financial year. These assets are held for operational reasons, i.e. in the production or supply of goods and services or for administrative purposes. This category excludes properties which are held solely for the purpose of generating a financial return (Investment properties, Assets held for Sale and Surplus assets) and those held primarily for their contribution to knowledge and culture (Heritage assets).

Initial Recognition and Valuation

Assets are initially measured at the direct cost of bringing the asset into working condition for its intended use and subsequently using professionally undertaken valuations using bases recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

- Historic cost – Infrastructure, Community and Assets under construction

- Current value – All other property, plant and equipment assets

The CIPFA Code of Practice definition of current value requires that property, plant and equipment that are operational are recognised in the Statement of Accounts at their service potential value and not their fair value. This is measured by the following valuation techniques:

- Property/land (Specialised assets no market) - depreciated replacement cost
- Vehicles, plant and equipment - depreciated historical cost
- Council housing - existing use value for social housing

Schools are valued using a Modern Equivalent Asset methodology which is a form of depreciated replacement costs. This approach estimates the value of an asset based on the cost of replacing it with a new asset that can deliver the same services. In the case of schools this means the cost of a modern school of appropriate design and capacity for number of pupils that could be educated at the existing school. As such the value of a school is determined by its existing physical structure.

The statutory override for infrastructure assets has been extended to 31 March 2029. The Council applies this override in preparing the 2025-26 financial statements.

Subsequent Changes in Value

All assets held at current value with the exception of vehicles, plant and equipment are subject to revaluation.

Property, Plant and Equipment are revalued on a five-year rolling basis, supported by annual indexation in intervening years. Where no suitable index exists, a desktop valuation will be performed in year three.

Housing stock is valued under the beacon methodology, with each beacon property being re-valued annually by applying an appropriate housing price index to their value at the start of the financial year.

Gains recognised on revaluation are normally credited to the Revaluation Reserve to recognise an unrealised gain. If the asset had previously been impaired or suffered a revaluation decrease which was charged to the CIES then the gain is instead credited to the CIES.

Where revaluation losses occur the decrease is recognised in the Revaluation Reserve to the extent the asset had previously been revalued upwards, and thereafter in the CIES.

A full revaluation must not be used as the default method to demonstrate the absence of material impairment. Impairment is assessed in accordance with IAS 36, with full valuation undertaken only where justified.

Componentisation of Valuations

IAS 16 requires all components with a significant cost in relation to the total cost of the asset to be depreciated separately. Where an item of Property, Plant and Equipment has major components these are depreciated separately such as windows, mechanical and electrical fixtures. This is necessary to reflect the fact that some components have an appreciably different useful life than the wider asset and will therefore need replacing sooner. Where assets are recognised as their component parts then each element is considered independently for future valuations, depreciation, replacement and disposal accounting. Assets with a valuation in

excess of £5m have been considered for componentisation. Where componentisation is appropriate this has been adopted from the valuation date onwards.

Depreciation of Assets to Reflect Usage

Depreciation is charged to the CIES to reflect the usage of the asset over its estimated useful life. It is provided for on all property, plant and equipment with the exception of:

- Land or other assets without a determinable useful life; and
- Assets under construction as they are not being used yet.

Useful lives of assets are as follows:

Council Housing	up to 60 years
Operational Building	up to 100 years
Infrastructure	up to 40 years
Vehicles	up to 12 years
Plant and Equipment	up to 10 years

Charges commence when the asset becomes available for use and cease on derecognition. Depreciation is calculated on a straight-line basis over the useful life of the assets.

Depreciation charges are applied annually to the carrying balances and are reflected in the Cost of Services area of the CIES. The residual value, useful life and depreciation method are reviewed at least annually. If expectations differ from previous estimates the changes will be accounted for as a change in an accounting estimate. The useful lives used for depreciating capital assets are set out in this note to the accounts.

Depreciation is calculated based on the current value of the asset. Where this valuation is above the historic cost the difference between depreciation as calculated on current value and that calculated on historic cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Derecognition of Assets

Assets are derecognised on disposal or when no future economic benefits are expected from their use. When property, plant and equipment are disposed of, the carrying value is written off to the Other Operating Expenditure line of the CIES. This cost is subsequently transferred to the Capital Adjustment Account in the MiRS.

A similar approach is taken on the transfer of property to newly formed Academy Schools. Under legislation the Council is required to make available premises from which the new Academy can provide its services for nil consideration. As a result the existing school premises (if in Council ownership) are leased to the Academy for a peppercorn rent and the former value of the site is derecognised from the Council's Accounts as if it had been disposed of. As no compensation is received this is recorded as a loss on disposal in the Financing and Investment Income line of the CIES and subsequently transferred to the Capital Adjustment Account. The value of such disposals in any year is disclosed in Note 12.

Any receipts generated by the disposal are credited to the same line of the CIES to show the overall profit or loss on disposal. A proportion of the receipts from the sale of Council housing are set aside for repayment to Government and the remaining receipts are transferred to the Capital Receipts Reserve in the MiRS.

Any outstanding balance on the revaluation reserve for derecognised assets is transferred to the Capital Adjustment Account through the MiRS.

Charges to Revenue for Non-current Assets

The CIES is charged with the following amounts to record the real cost of holding non-current Assets during the year:

- Depreciation and amortisation of assets used by the service
- Revaluation and impairment losses on assets used by the service
- Profit or loss on disposal of assets

The Council is not required to raise Council tax to cover these costs. However, it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are therefore replaced by the Minimum Revenue Provision by way of an adjusting entry in the MiRS.

1.23 Non-current Assets Held for Sale

When it becomes probable an asset will be sold rather than its continued use as an operational or investment asset, it will be reclassified within current assets as held for sale subject to strict criteria being met. The asset must be available for immediate sale, actively marketed and must have a high probability of being sold within one year of the date of classification. Where the Council does not need to carry out active marketing due to already having a prospective buyer at a reasonable price (such as transfers to a joint venture), or a buyer initiates a transaction such as right to buys; this test is not applicable.

Held for sale assets are carried at the lower of carrying value, or the fair value less costs to sell, and no longer depreciated.

1.24 Overheads and Support Services

Services are analysed in the CIES and EFA in line with the organisational structure of the Council and in accordance with the Code of Practice (Code) for:

- Corporate and Democratic
- Trading Accounts
- Housing Revenue Accounts (HRA)

Income and Expenditure is allocated to services to reflect the way the Council operates its services and reported to management. The full costs of overheads, such as utility bills, are apportioned to services within the Net Cost of Services section of the CIES and the EFA. Central support recharges and corporate costs are reported in accordance with the Code as Corporate Services within the CIES and EFA. Overheads and support services for HRA and trading accounts are allocated in accordance with the Code and CIPFA Service Reporting Code of Practice (SeRCOP).

1.25 Private Finance Initiatives (PFI) and Service Concession Arrangements

PFI contracts, and similar arrangements, contain agreements for the Council (grantor) to receive services under a contract where the contractor (operator) takes on responsibility for creating and maintaining the assets needed to deliver the service. All assets created under such contracts need to be considered to determine whether or not they should be reported on the Balance Sheet

of the Council or of the contractor. The contracts are assessed against criteria set out under International Financial Reporting Standards (IFRIC 12), namely:

- Are the assets being used to deliver a public service;
- Does the Council significantly influence who can access the facilities; and
- Does ownership of the asset revert to the Council at the end of the PFI contract (or does the Council have an option to take back the assets).

The Council's two PFI schemes meet all of these conditions, so the Council reflects the value of the properties used under the contracts on the Balance Sheet. On initial recognition, fair value is the estimated cost to purchase the asset. Subsequently, the asset is measured at current value, which will follow the appropriate class of property, plant and equipment.

These assets are revalued and depreciated in the same way as other property, plant and equipment owned by the Council.

With effect from 1 April 2024, IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

As with Leases the original recognition of the assets is balanced by the recognition of the liability for amounts payable to the scheme operator in return for use of the assets. The amounts payable to the PFI operators each year are analysed into four elements (shown in Note 40):

- Services received – debited to a service line in the CIES.
- Finance cost – an interest charge of 7.86% for the School's PFI and 4.59% for the Extra Care PFI based upon the outstanding Balance Sheet liability, are charged to Financing and Investment Income in the CIES.
- Payment towards liability – writes down the Balance Sheet liability to the PFI operator.
- Lifecycle replacement costs – recognised as expenditure on non-current assets and added to the asset on the Balance Sheet.

Prior to the adoption of IFRS 16 the Unitary Payment also funded a fifth component called Contingent Rents. This cost represented inflationary increases in the value of the Unitary Payment and was charged each year to the CIES. Under IFRS 16 different treatment is applied, with the lease liability being remeasured where indexation affects the value of future payments.

Where assets accessed through a PFI contract generate income through their usage, then consideration is given as to whether that income should be treated as a contribution towards the cost of financing the asset's construction (and be treated as deferred income), or as a contribution to its net operating costs. In the case of the Council's schemes all income generated is considered to be operational and as a result the future income generation potential is not reflected on the balance sheet.

1.26 Provisions, Contingent Assets and Contingent Liabilities

Provisions are shown where the Council has a present legal or constructive obligation as a result of a past event which has placed the Council in a position where it has an obligation that is likely

to lead to it incurring a cost. The precise timing and value of the cost may be unknown but can be reliably estimated.

Provisions are charged to the CIES in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. Estimates are reviewed at the end of each financial year and any changes are reflected within relevant service revenue accounts. When payments related to the obligation are eventually made, they are charged to the provision set up in the Balance Sheet.

Contingent Assets and Contingent Liabilities are obligations or assets arising from past events where:

- The existence or value of the obligation is dependent on future events which are outside the control of the Council;
- It is not probable that a flow of economic benefits will be required to settle the obligation; and
- The obligation/contingent asset cannot be easily quantified.

Contingent Assets and Liabilities are not recognised in the Balance Sheet but are disclosed in Notes 44 and 45. The disclosure sets out the scale of potential costs and likelihood of these being realised.

1.27 Reserves

The Council maintains a range of reserves, reflecting both the extent to which its assets exceed its liabilities and any restrictions (statutory or voluntary) which are placed upon the usage of these balances. The main unrestricted reserve used to hold available Council funds is the General Fund.

The Council has discretion to set aside specific amounts as reserves where they wish to earmark available funds to support future policies, to cover contingencies or manage cash flows. These are summarised in Note 9.

Expenditure to be financed from an earmarked reserve is initially shown as a cost in the CIES. An offsetting transfer is then recorded in the MiRS to ensure that there is no impact on General Fund or Council Tax.

A number of reserves exist to manage the accounting for non-current Assets, financial instruments and employee benefits; these do not represent usable funds for the Council. These are explained in the relevant policies and notes.

1.28 Revenue Expenditure Funded by Capital Under Statute (REFCUS)

Revenue Expenditure funded by Capital under Statute represents expenditure incurred during the year that may be capitalised under statutory provisions but does not result in a Council asset being created. The expenditure may support a third party's asset (e.g. home improvement grants) or may be capitalised based on a capitalisation order from Government.

This expenditure is initially charged to the relevant service within the CIES and then transferred by charging to the Capital Adjustment Account and crediting the General Fund Balance in the MiRS. The purpose of this is to enable the expenditure to be funded from capital resources rather

than charged to the General Fund and impact on the level of Council tax. This expenditure does form part of the Council's Capital Financing Requirement.

1.29 Value Added Tax (VAT)

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

2. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The adjustments from Outturn reported to management to the Net Expenditure Chargeable to the General Fund by service includes costs that are reported to management but are not chargeable to the net cost of services, such as Interest Receivable and Interest payable, non-budgeted grant income, but can be found within the Surplus/Deficit on the Provision of Services Position. It also includes the schools carry forwards and HRA final appropriation, and grant income that are held centrally which are in the net cost of services, but not in outturn. A further explanation of the Other Income and Expenditure totals are detailed in Notes 12, 13 and 14.

Expenditure and Funding Analysis	2025-26				
	Outturn Reported to Management	Total adjustments to Outturn position	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
Public Health	20,143	(19,213)	930	1,797	2,727
Adults Directorate	189,719	(50,930)	138,789	(1,146)	137,643
Children & Families Directorate	114,301	(1,937)	112,364	23,974	136,338
Place & Growth Directorate	67,227	3,196	70,423	29,758	100,181
Corporate Services Directorate	31,766	2,182	33,948	3,731	37,679
HRA	0	(14,105)	(14,105)	4,895	(9,210)
Central Services	16,034	(19,472)	(3,438)	(3,391)	(6,829)
Capital Financing	0	8,680	8,680	0	8,680
Net Cost of Services	439,190	(91,599)	347,591	59,618	407,209
Other Income and Expenditure	(438,081)	101,257	(336,824)	(76,399)	(413,223)
(Surplus)/Deficit on Provision of Services	1,109	9,658	10,767	(16,781)	(6,014)
Opening General Fund and HRA Balances at 31 March 2025			(101,261)		
Deduct deficit on General Fund and HRA Balance in Year			10,767		
Closing General Fund and HRA Balances at 31 March 2026			(90,494)		

For a split of the balance between the General Fund and the HRA - see the Movement in Reserves Statement.

2024-25 Comparative Figures

Expenditure and Funding Analysis	2024-25				
	Outturn Reported to Management	Total adjustments to Outturn position	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
Public Health	19,500	(18,240)	1,260	2,206	3,466
Adults Directorate	176,200	92	176,292	483	176,775
Children & Families Directorate	105,200	(2,527)	102,673	22,614	125,287
Place & Growth Directorate	68,600	(7,081)	61,519	31,141	92,660
Corporate Services Directorate	31,900	2,668	34,568	7,220	41,788
HRA	0	(14,705)	(14,705)	4,701	(10,004)
Central Services	19,100	(60,691)	(41,591)	26,133	(15,458)
Capital Financing	(5,300)	8,408	3,108	0	3,108
Net Cost of Services	415,200	(92,076)	323,124	94,498	417,622
Other Income and Expenditure	(411,700)	111,784	(299,916)	(64,669)	(364,585)
(Surplus)/Deficit on Provision of Services	3,500	19,708	23,208	29,829	53,037
Opening General Fund and HRA Balances at 31 March 2024			(124,469)		
Deduct deficit on General Fund and HRA Balance in Year			23,208		
Closing General Fund and HRA Balances at 31 March 2025			(101,261)		

Note 2a

Adjustments between Funding and accounting basis

This note explains the main adjustments from the Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure statement.

Adjustments between funding and accounting basis	2025-26			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Public Health	1,889	(94)	2	1,797
Adults Directorate	828	(1,982)	8	(1,146)
Children & Families Directorate	9,637	(6,622)	20,959	23,974
Place & Growth Directorate	32,257	(2,533)	34	29,758
Corporate Services Directorate	5,528	(1,881)	84	3,731
HRA	4,897	(2)	0	4,895
Central Services	346	(3,737)	0	(3,391)
Capital Financing	0	0	0	0
Cost of Services	55,382	(16,851)	21,087	59,618
Other Income and Expenditure	(75,740)	113	(772)	(76,399)
Difference between General Fund (Surplus) and CIES (Surplus) or Deficit	(20,358)	(16,738)	20,315	(16,781)

Adjustments for Capital Purposes include the depreciation, impairments and revaluation gains and losses. It also adjusts for capital disposals with a transfer on the income to disposals and amounts that have been written off, MRP and RCCO are deducted because they are not chargeable under generally accepted accounting practices to the General Fund.

Pension Adjustment shows where costs have been affected by the removal of pension contributions and replaced with IAS19 costs.

Other adjustments are costs that cannot be allocated to either Capital or Pension adjustments.

2024-25 Comparative Figures

Adjustments between funding and accounting basis	2024-25			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Public Health	2,223	(17)	0	2,206
Adults Directorate	959	(541)	65	483
Children & Families Directorate	12,580	(2,984)	13,018	22,614
Place & Growth Directorate	31,797	(692)	36	31,141
Corporate Services Directorate	7,678	(481)	23	7,220
HRA	4,701	0	0	4,701
Central Services	28,587	(2,454)	0	26,133
Capital Financing	0	0	0	0
Cost of Services	88,525	(7,169)	13,142	94,498
Other Income and Expenditure	(61,082)	567	(4,154)	(64,669)
Difference between General Fund (Surplus) and CIES (Surplus) or Deficit	27,443	(6,602)	8,988	29,829

Expenditure and Funding Analysis – Expenditure and Income Analysed by Nature

This note explains the nature of the expenditure and income of the Council as shown in the CIES.

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

Expenditure and Income Analysis by Directorate 2025-26	Public Health	Adults Directorate	Children & Families Directorate	Place & Growth Directorate	Corporate Services Directorate	HRA	Central Services	Capital Financing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure									
Employee benefits expenses	1,777	36,560	220,996	47,605	28,901	724	(2,508)	0	334,055
Other services expenses	37,142	206,104	226,472	134,854	81,531	14,142	21,675	15,320	737,240
Depreciation, amortisation, impairment	1,889	828	9,637	32,565	5,838	4,896	3,249	0	58,902
Interest payments	0	768	946	849	2,429	1,963	4,738	0	11,693
Precepts and levies	0	0	0	265	0	0	6,186	0	6,451
Loss / (Gain) on the disposal of assets	0	0	0	0	0	(1,830)	16,535	0	14,705
Total expenditure	40,808	244,260	458,051	216,138	118,699	19,895	49,875	15,320	1,163,046
Income									
Fees, charges and other service income									
Over time	(15,614)	(54,485)	(20,375)	(43,549)	(32,265)	(28,523)	(1,134)	(816)	(196,761)
At a point in time	0	0	0	0	0	0	0	0	0
Interest and investment income	0	(35)	(271)	(8,686)	0	(545)	2,339	0	(7,198)
Income from Council Tax, Non Domestic Rates, BID Income	0	0	0	0	0	0	(349,992)	0	(349,992)
Government grants and contributions	(22,520)	(53,392)	(300,261)	(69,153)	(54,744)	(19)	(46,408)	(68,612)	(615,109)
Total income	(38,134)	(107,912)	(320,907)	(121,388)	(87,009)	(29,087)	(395,195)	(69,428)	(1,169,060)
(Surplus) or Deficit on the Provision of Services	2,674	136,348	137,144	94,750	31,690	(9,192)	(345,320)	(54,108)	(6,014)

2024-25 Comparative Figures

Expenditure and Income Analysis by Directorate 2024-25	Public Health	Adults Directorate	Children & Families Directorate	Place & Growth Directorate	Corporate Services Directorate	HRA	Central Services	Capital Financing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure									
Employee benefits expenses	1,777	38,082	218,813	41,874	23,035	3	(811)	0	322,773
Other services expenses	22,671	193,548	194,783	124,423	95,328	13,805	27,160	33,717	705,435
Depreciation, amortisation, impairment	2,224	959	12,581	32,093	8,029	4,701	(418)	13,746	73,915
Interest payments	0	844	1,122	871	2,452	2,040	4,755	0	12,084
Precepts and levies	0	0	0	257	0	0	5,719	0	5,976
Gain on the disposal of assets	0	0	0	0	0	(628)	0	(1,458)	(2,086)
Total expenditure	26,672	233,433	427,299	199,518	128,844	19,921	36,405	46,005	1,118,097
Income									
Fees, charges and other service income									
Over time	(4,559)	(54,910)	(17,836)	(33,190)	(26,028)	(28,042)	(862)	(670)	(166,097)
At a point in time	0	0	0	0	0	0	0	0	0
Interest and investment income	0	(10)	(311)	0	0	(207)	(7,709)	0	(8,237)
Income from Council Tax, Non Domestic Rates, BID	0	0	0	0	0	0	(328,054)	0	(328,054)
Government grants and contributions	(18,218)	(2,587)	(282,361)	(72,311)	(65,413)	(27)	(81,053)	(40,272)	(562,242)
Total income	(22,777)	(57,507)	(300,508)	(105,501)	(91,441)	(28,276)	(417,678)	(40,942)	(1,064,630)
(Surplus) or Deficit on the Provision of Services	3,895	175,926	126,791	94,017	37,403	(8,355)	(381,273)	5,063	53,467

3.Accounting Standards issued, but not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2025-26 requires the Council to disclose information setting out the impact of accounting changes by a new accounting standard that has been issued but not yet adopted by the Code. The relevant changes relate to the following standards all of which will be amended for accounts produced for financial periods starting after 1 April 2026, if relevant.

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024. The amendments clarify what constitutes a heritage asset and those acquired through donations must be recognised at fair value, with exceptions only in rare cases where reliable measurement is not feasible.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024. The major change here is clarification of the “solely payments of principal and interest” (SPPI) test which will result in the classification of some financial assets becoming less mechanical and more interpretive. This is very unlikely to impact transactions entered in to by Local Authorities.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. This intends to remove ambiguity and tighten consistency across several standards – especially IFRS 7 and IFRS 9 relating to Financial Instruments. One key amendment relates to specific application issues in IFRS 9, including: derecognition of lease liabilities and clarifications around transaction price / measurement issues. Amendments also update illustrative guidance and examples supporting IFRS 7, including: Credit risk disclosures and Gains / Losses on derecognition. An overall theme in Volume 11 is resolving conflicts or overlaps between standards to ensure cross-standard consistency.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. These amendments are especially relevant for entities entering into renewable energy contracts such as Power Purchase Agreements (PPA’s). The amendments extend the “own-use” exemption in IFRS 9 to certain electricity contracts. Many PPA’s previously failed the own-use test because excess electricity is often resold into the grid. Entities can now apply own-use even if some electricity is inevitably resold, provided they are a net purchaser for consumption purposes.

These amendments are not anticipated to have a material impact on the Council's accounts.

4.Critical Judgements in Applying Accounting Policies

The following significant management judgements have been made in applying the accounting policies as set out in Note 1 of the accounts. The Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

- **Group Boundary**

The Council has interests in a number of external companies either as a direct owner or in partnership with other organisations. The nature of these relationships has been assessed under IFRS 11, IAS 27 and IAS 28 (Accounting for Joint Arrangements, Subsidiaries and Associates) and it has been determined that three companies are considered to be subsidiaries of the Council, while three companies meet the criteria to be recognised as joint ventures. It should be noted

that one of these Joint Ventures (CoWest Services limited) ceased trading as at 31st March 2025 and is in the process of being closed down. In addition, the Council has shares in five associate companies (non-controlling) and minority interests in a further two companies.

These Accounts contain a set of Group statements and supporting notes to reflect the nature and value of the Council's interests in entities, where the accounts are deemed material. The approach taken by the Council in determining the Group boundary and consolidating relevant entries into its Group statements is based on materiality, transparency and public perception, to enable the reader to understand the Council's obligations as set out in the accompanying notes to those statements.

Non-consolidation of entities in the Group accounts is dependent on a number of factors including the extent of the Council's interest and power to influence and control, materiality, investment and transparency; where these factors are not considered material those members of the Group have not been consolidated. A full list of members of the Group can be found in the Council Accounts Note 36.

- **Treatment of Schools**

The Council recognises land and building used by schools for educational purposes in line with the Code of Practice. The Code states local authority maintained schools should be recognised using the asset recognition tests whilst recognising the schools governing bodies are separate entities to the Council. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, where the Council holds the balance of control of the assets or where the school, or the school governing body own the assets or have had the right to use the assets transferred to them.

School governing bodies are separate entities to the Council but (with the exception of academies and free schools), for the purpose of preparing financial statements, they are within the group boundary and their activities must be reported. In recognition of the unique nature of the relationship, Councils are required to report any material expenditure, income, assets and liabilities of these schools within its primary statements (not just its Group statements). Specific consideration has to be given as to whether the assets from which these schools operate meet the necessary criteria (in terms of access to services and control) to be recognised as Council assets under IAS16. The Council has judged that faith schools (voluntary aided or controlled) which are not sited on Council land, over which it has no long term guarantees of availability, do not meet the criteria for recognition as an asset under IAS16.

The Council has entered into a Private Finance Initiative (PFI) for five schools in the Borough of which one remained within Council control at the end of 2025-26.

The Council has completed a school by school assessment across the different types of schools it controls within the Borough. The outcomes of that review are outlined below:

	Total schools	Council Controlled			Outside Council Control		
		Owned by CWAC	Leased to Governors	Restrictive Covenant	Owned by NHS/Other	Owned by Church	Leased to Academies
Community Schools	49	48		1			
Foundation Schools	4		4				
Voluntary Controlled	12					10	
Voluntary Aided	23					21	
Academies	68						68
Community - Pupil Referral unit	2	1			1		
Studio	1				1		
Free school	2				2		
	161	49	4	5	4	31	68
		58	on Balance Sheet		103	off Balance Sheet	

Academies are not considered maintained schools within the Council's control. The land and buildings are not owned by the Council and therefore not included on the Council's Balance Sheet.

- **Indexation**

In accordance with the CIPFA Code, the Council applies indexation to asset values to ensure that they are materially updated for changes in relevant variables. The choice of indices is based on expert guidance, with judgement and decision made by the valuer using information supplied by the finance teams.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could materially differ from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results Differ from Assumptions
Property Valuations	The Council re-values its assets on a five year rolling cycle (excluding investment assets and schools), with one fifth of these assets being reviewed each year, all investment properties annually and schools on a two year rolling programme. It bases its valuations on assumptions about asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified valuation officers but are still based on estimates. To ensure the value of an asset is kept materially up to date and to mitigate the risk of valuations not reflecting movements in key variables, e.g. build costs, rental income etc., the 25-26 Code of Practice has introduced a requirement for the valuation of certain property asset categories to be supported by annual indexation in intervening years. The increase in gross property values due to indexation in 2025-26 was £9.69m.	A 1% fluctuation +/- in property values due to the inaccuracy of key valuation assumptions, would amount to a £13.1m increase / reduction in the Non-Current Assets value on the Balance Sheet. Any fluctuation in the estimated valuations would result in an increase / reduction to the revaluation reserve and/or a gain / loss charged to the Comprehensive Income and Expenditure Statement. Should remaining asset lives fall by an average of 10%, then there would be a corresponding 10% increase in relevant annual depreciation charges, approx. £0.2m across operational and housing assets.

6. Material Items of Income and Expenditure

Exceptional items are ones that fall within the ordinary activities of the Council but are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly. Exceptional items are included on the face of the Comprehensive Income and Expenditure Statement (CIES) where it is felt that the costs are so significant as to warrant a separate disclosure.

During 2025-26 a further seven schools became Academies, with a loss on disposal of £19.6m (Note 12).

7.Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Council's S151 officer on XXXXX. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide 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. Where events do not require an adjustment to the Accounts but do offer additional contextual information they are included in this note.

There are no significant events after the Balance Sheet Date for 2025-26.

8.Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

2025-26 Statement of Accounts

Adjustments between accounting basis and funding basis 2025-26	Usable reserves					Movement in Unusable reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources						
Pension costs (transferred to/from the Pension Reserve)	16,738	0	0	0	0	(16,738)
Council tax and NDR (transfers to/from the Collection Fund Adjustment Account)	220	0	0	0	0	(220)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	88	0	0	0	0	(88)
Financial Instrument Revaluation Reserve Pooled Investments - Statutory override	466	0	0	0	0	(466)
Holiday pay (transferred to the Accumulated Absences Account)	(367)	0	0	0	0	367
Reversal of entries included in the surplus or Deficit on the provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	0	0	0	0	0	0
Depreciation of Non Current Assets	(47,504)	(4,896)	0	0	0	52,400
IFRS16 Adjustment for donated assets	0	0	0	0	0	0
Revaluation/Impairment of capital creditors/debtors	(118)	0	0	0	0	118
Impairment and Revaluation of Assets	(228)	0	0	0	0	228
Amortisation of Intangible Assets	(3,255)	0	0	0	0	3,255
Movements in the fair value of investment properties	2,892	0	0	0	0	(2,892)
Revenue expenditure funded from capital under statute	(8,679)	0	0	0	0	8,679
Net assets written off to the CIES upon disposal or sale	(37,093)	(3,230)	0	0	0	40,323
Dedicated School Grant (DSG) deficit transferred to the DSG adjustment account	(20,723)	0	0	0	0	20,723
Total Adjustments to Revenue Resources	(97,563)	(8,126)	0	0	0	105,689
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve/Deferred Capital Receipts Reserve	14,299	5,060	(19,359)	0	0	0
Non-current asset disposal costs funded from the CRR	0	0	0	0	0	0
Statutory provision for the repayment of debt	26,620	0	0	0	0	(26,620)
Posting of HRA resources from Revenue to the Major Repairs Reserve	0	13,129	0	(13,129)	0	0
Capital expenditure charged against general fund	575	0	0	0	0	(575)
Capital grants and contributions unapplied credited to the CIES	1,455	0	0	0	(1,455)	0
Capital Grants and Contributions through the CIES	61,332	0	0	0	0	(61,332)
Total Adjustments between Revenue and Capital resources	104,281	18,189	(19,359)	(13,129)	(1,455)	(88,527)
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure	0	0	12,435	0	0	(12,435)
Use of Major Repairs Reserve to finance capital expenditure	0	0	0	13,570	0	(13,570)
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	3,716	(3,716)
Total Adjustments to Capital Resources	0	0	12,435	13,570	3,716	(29,721)
Total Adjustments	6,718	10,063	(6,924)	441	2,261	(12,559)

2024-25 Comparator Figures

Adjustments between accounting basis and funding basis 2024-25	Usable reserves					Movement in Unusable reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources						
Pension costs (transferred to/from the Pension Reserve)	6,600	0	0	0	0	(6,600)
Council tax and NDR (transfers to/from the Collection Fund Adjustment Account)	3,513	0	0	0	0	(3,513)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	130	0	0	0	0	(130)
Financial Instrument Revaluation Reserve Pooled Investments - Statutory override	418	0	0	0	0	(418)
Holiday pay (transferred to the Accumulated Absences Account)	(923)	0	0	0	0	923
Reversal of entries included in the surplus or Deficit on the provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	0	0	0	0	0	0
Depreciation of Non Current Assets	(52,717)	(4,701)	0	0	0	57,418
IFRS16 Adjustment for donated assets	94	0	0	0	0	(94)
Revaluation/Impairment of capital creditors/debtors	(8)	0	0	0	0	8
Impairment and Revaluation of Assets	(28,583)	0	0	0	0	28,583
Amortisation of Intangible Assets	(3,168)	0	0	0	0	3,168
Movements in the fair value of investment properties	14,466	0	0	0	0	(14,466)
Revenue expenditure funded from capital under statute	(4,957)	0	0	0	0	4,957
Net assets written off to the CIES upon disposal or sale	(28,431)	(1,754)	0	0	0	30,185
Dedicated School Grant (DSG) deficit transferred to the DSG adjustment account	(12,220)	0	0	0	0	12,220
Total Adjustments to Revenue Resources	(105,786)	(6,455)	0	0	0	112,241
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve/Deferred Capital Receipts Reserve	8,546	2,382	(10,928)	0	0	0
Non-current asset disposal costs funded from the CRR	0	0	0	0	0	0
Statutory provision for the repayment of debt	24,526	0	0	0	0	(24,526)
Posting of HRA resources from Revenue to the Major Repairs Reserve	0	12,293	0	(12,293)	0	0
Capital expenditure charged against general fund	758	0	0	0	0	(758)
Capital grants and contributions unapplied credited to the CIES	3,751	0	0	0	(3,751)	0
Capital Grants and Contributions through the CIES	30,156	0	0	0	0	(30,156)
Total Adjustments between Revenue and Capital resources	67,737	14,675	(10,928)	(12,293)	(3,751)	(55,440)
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure	0	0	14,216	0	0	(14,216)
Use of Major Repairs Reserve to finance capital expenditure	0	0	0	12,906	0	(12,906)
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	5,548	(5,548)
Total Adjustments to Capital Resources	0	0	14,216	12,906	5,548	(32,670)
Total Adjustments	(38,049)	8,220	3,288	613	1,797	24,131

9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred back from Earmarked Reserves to meet expenditure in 2025-26 and 2024-25.

Balance at 31 March 2024	Transfers Out 2024-25	Transfers In 2024-25	Revenue Earmarked Reserves	Balance at 31 March 2025	Transfers Out 2025-26	Transfers In 2025-26	Balance at 31 March 2026
£000	£000	£000		£000	£000	£000	£000
			Council Wide Reserves				
30,711	(3,759)	373	Long Term Liability	27,325	(3,271)	38	24,092
8,199	(10,613)	5,376	Insurance	2,962	(3,671)	3,667	2,958
645	(457)	0	Collection Fund Deficit	188	0	1,000	1,188
87	(9)	0	Community Benefits	78	(24)	0	54
			Directorate Reserves				
12,366	(3,802)	5,763	Unapplied Revenue Grants	14,327	(6,107)	5,756	13,976
7,520	0	278	PFI	7,798	(1,581)	217	6,434
2,540	(2,540)	1,850	Revenue Budget Carry Forwards	1,850	(1,850)	430	430
807	0	69	HRA Pension Contingency	876	(876)	0	0
1,362	(577)	0	S106 Developer Contributions	785	(544)	203	444
156	0	112	Local Authority Elections	268	(30)	230	468
0	0	0	Local Plan	0	0	0	0
0	0	0	Adoption Support Fund	0	0	0	0
1,969	(1,969)	0	SEND/DSG	0	0	0	0
16	0	0	HS2	16	0	0	16
0	0	0	Appointee and Deputyship income	0	0	602	602
			Transformation Reserves				
250	0	0	HR & Finance System Replacement	250	0	0	250
2,176	(1,926)	0	ICT Transformation	250	0	0	250
0	0	0	Delivering Council Priority Outcomes	0	0	0	0
0	0	0	Flexible and Mobile Working	0	0	0	0
			Economic Growth Reserves				
0	0	0	Northgate Development	0	0	0	0
			Partnership Reserves				
1,128	(120)	0	Mersey Forest	1,008	0	1,946	2,954
0	0	0	Youth Justice Service	0	(212)	2,157	1,945
			Council Company Reserves				
11,032	(4,223)	0	Waste Collection Contract Exit Arrangements	6,809	(6,127)	0	682
6,344	(3,262)	0	Council Company Reserves	3,082	(2,016)	0	1,066
1,442	(2,232)	1,256	Other Reserves and Balances	466	(1,824)	1,885	527
88,750	(35,489)	15,077	Total	68,338	(28,133)	18,131	58,336

Significant movements during the year were:

- An appropriation of £6.1m from the Waste Reserve, reflecting £2.0m budgeted use of the reserve, and £4.1m to support the cost of the kerbside waste collection service ran by Cheshire West Recycling (CWR) for 2025-26.
- An appropriation of £2.0m from the Council Company reserve, reflecting £0.3m budgeted use of the reserve, £0.4m for Brio National Insurance costs, £0.6m to support Northgate Arena closure costs, £0.3m for CWR and £0.4m to fund an increase in the Council Companies Provision.
- A net appropriation of £3.2m from the long-term liabilities reserve, which includes £2.5m budgeted use to fund Invest to Save proposals and £0.7m to fund early retirement and redundancy costs.
- An appropriation of £1.9m into the Mersey Forest reserve reflecting 20% of the interest earned on cash balances held on behalf of Mersey Forest from 2021-22 to 2025-26 in

relation to Trees for Climate. 20% (£1.9m) of the interest due to be retained within CWAC and intended to support Community Forests with one-off, unexpected costs incurred upon the Trees for Climate programme. The remaining 80% is due to Community Forests for planned programme costs.

- The net appropriation of £1.4m from the PFI reserve reflecting £1.6m budgeted release of the Extra Care Housing element of the reserve, offset by £0.2m into the reserve being the interest gained on the reserve balance, which relates to Ellesmere Port PFI schools.
- The net appropriation of £1.4m from the reserve for revenue budget carry forwards. This is the drawdown of £1.8m carry forwards in 2025-26, and the addition of £0.4m carry forwards to fund expected budget pressures in 2026-27.
- A budgeted appropriation of £1m into the Collection Fund Deficit reserve.
- The net appropriation of £1.9m into a new Youth Justice Service reserve. Following the transfer of this service into the Council, this is a new reserve setting aside partner income from Halton Borough Council (£0.4m), Warrington Borough Council (£0.4m), Cheshire East Council (£0.5m) and Cheshire West and Chester Council (£0.6m).
- The appropriation of £0.6m into a new Appointee and Deputyship reserve. This reflects the setting aside of backdated income received in relation to appointee charges. Funds will be used to fund service costs in future years.
- The appropriation of £0.9m from the HRA pension reserve. The HRA Pension reserve was set up to fund any potential future increases in the fee paid to the contractors managing the Council's housing stock arising as a result of a deficit on the contractor's pension scheme within the Cheshire Pension Fund. Following the transfer in of Housing staff on the 1st April 2026, the liability for future pension contributions for these employees now rests with the HRA directly, therefore the balance on the reserve has been released into the HRA.
- The net appropriation of £0.3m from the unapplied grant reserve. This reflects the use of £6.1m relating to various grants to fund expenditure in 2025-26, offset by the addition of £5.8m of funding that will be used to fund expenditure in 2026-27. Grant income includes £3.9m Transport related grants and £1.1m Refugee and Asylum Seeker grants.

Reasons for the Earmarked Reserves Over £500k

Council wide reserves

Long term liability	Funds set aside to smooth the impact of long-term liabilities, such as debt re-payment and the pension fund deficit.
Insurance	Funds insurance liabilities relating to Cheshire West & Chester functions.
Collection Fund Deficit	Funds to manage future fluctuations in Business Rates income and the timing of Levy payments to Central Government as part of the Business Rate Retention Scheme.

Directorate Reserves

Unapplied revenue grants	Enable grants to be used when needed, avoiding year end 'forced' spend.
PFI	Balances spend and income across life of contract.
Appointee and Deputyship income	Income set aside to fund costs of the service over the next three years.

Partnership Reserves

Mersey Forest	Partnership agreement between 7 contributing local authorities co-ordinated by the Mersey Forest Team to
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Youth Justice Service	invest in long-term tree planting programmes to improve the local environment. Partnership funds set aside following the transfer of the service into the Council.
Council Company Reserves	
Former waste collection contract	Reserve linked to long term debtor depends on receipts for funds to be available.
Council company	Funds available to manage pressures in Council companies.

10. Material Changes Within the Comprehensive Income and Expenditure Statement

Within the Cost of Services in the top half of the Comprehensive Income and Expenditure Statement (CIES), net expenditure (expenditure less income) has decreased from £417.6m to £407.2m, representing a reduction of £10.4m.

The primary drivers of this movement are year-on-year reductions in net expenditure of £39.1m in the Adults Directorate and £4.1m in Corporate Services. These decreases have been partially offset by increases of £11.1m in the Children & Families Directorate and £7.5m in the Place & Growth Directorate.

The reduction in net expenditure within the Adults Directorate is mainly due to the reclassification of grants that were previously held within Central Services. The decrease in Corporate Services reflects a combination of factors, including higher income from Fees and Charges and lower depreciation costs.

Conversely, the increase in net expenditure in the Children & Families Directorate is driven by higher costs associated with high needs provision, partly offset by additional Dedicated Schools Grant (DSG) income. The increase in the Place & Growth Directorate is also attributable to a range of factors, including higher employee expenses and increased depreciation, alongside a reduction in grant income.

11. Other Operating Income and Expenditure

Other Operating Income and Expenditure comprises all other costs that do not form part of the costs of any one service. A breakdown of the amounts included within this line is as follows:

2024-25 £000	Other Operating Income & Expenditure	2025-26 £000
(2,086)	Loss / (Gain) on disposal of Non-current assets	14,705
5,160	Parish Precepts	5,518
816	Levies	933
3,890		21,156

12. Financing and Investment Income and Expenditure

This note contains details of any financial costs or returns the Council has incurred which are not directly associated with the delivery of services.

2024-25 £000	Financing & Investment Income & Expenditure	2025-26 £000
12,084	Interest payable and similar charges	11,693
(418)	Unrealised gains or losses on financial assets held at fair	(466)
581	Net interest on pension assets and liabilities	159
(8,237)	Interest receivable and similar income	(7,198)
847	Expected Credit Loss Allowance	695
21,719	Loss on transfer of schools to Academy status	19,612
(19,846)	Income and expenditure in relation to investment	(23,694)
13	Trading Accounts not related to Services	(29)
6,743		772

13. Taxation and non-specific grant income and expenditure

The Council received the following funding which does not relate to specific services.

2024-25 £000	Taxation and Non-specific Grant Income & Expenditure	2025-26 £000
	Income:	
(249,580)	Council Tax	(270,610)
(78,474)	Non-Domestic Rates	(79,382)
(4,470)	Revenue Support Grant	(5,166)
(33,907)	Capital Grants and Contributions	(62,787)
(3,073)	PFI Grants	(3,073)
0	Extended Producer Responsibility for Packaging	(8,151)
(2,803)	New Homes Bonus	(1,215)
(23,664)	S31 Non Domestic Rates Grant Funding	(24,818)
(2,880)	Other Grants	(5,473)
(94)	IFRS16 Adjustment for Donated Assets	0
	Expenditure:	
23,727	Non Domestic Rates - Tariff and Levy Payment	25,524
(375,218)		(435,151)

14. Other Comprehensive Income and Expenditure (CIES)

The Other Comprehensive Income and Expenditure section of the CIES recognises increases and decreases to the value of assets and liabilities which have yet to be realised by the Council. As these gains and losses were unrealised at 31 March 2026 they are not reflected against the Council's usable reserves at this point and are held separately in Unusable Reserves as described in Note 26.

2024-25 £000	Other Comprehensive Income and Expenditure (CIES)	2025-26 £000
(53,103)	Property Revaluation (Gains)	(51,700)
5,028	Pension Deficit Remeasurement Losses/(Gains)	15,334
(48,075)		(36,366)

- Property revaluation gains reflect estimated increases in the value of Council owned assets. These will only be realised by the Council on sale or disposal or over time through usage. The balances created are held on the Revaluation Reserve until this time. Revaluation losses occur when the situation leading to an initial increase changes and the asset value is reduced towards its original cost.
- Pension deficit re-measurements reflect revised estimates as to the value of future pension liabilities or assets made by actuaries.

15. Property, Plant and Equipment

Within the table below and on the following page, references to RR refer to the Revaluation Reserve and SDPS refers to the Surplus or Deficit on Provision of Service line in the Comprehensive Income and Expenditure Statement. The Net Book Values for 2025-26 include £1.4m of assets which are held in partnership with Cheshire East Council at a 50% shared ownership agreement.

Property, Plant and Equipment Movements in 2025-26	Non-Current Assets						Total
	Council Houses	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	
	£000	£000	£000	£000	£000	£000	£000
Value as at 31 March 2025	238,506	896,664	55,094	32,707	6,240	9,873	1,239,084
Additions	12,610	37,481	11,255	1,009	0	23,115	85,470
Revaluation Gain/(Loss) to Revaln Res	(1,995)	25,177	0	60	350	0	23,592
Reval/Impair Losses to SDPS	0	(12,264)	0	0	0	0	(12,264)
Reverse Reval/Impair to SDPS	0	13,592	0	0	0	0	13,592
Derecognition - Disposals	(3,296)	(28,370)	(4,376)	0	(4,093)	0	(40,135)
Derecognition - Other	0	(2,432)	0	0	0	0	(2,432)
Re-classification of assets	0	(16,658)	0	76	1,506	15,076	0
Reclass (to)/from Held for Sale	0	(4,341)	0	0	0	0	(4,341)
Reclass (to)/from Heritage	0	(5,685)	0	0	0	0	(5,685)
Reclass (to)/from Investment	0	(53)	0	0	0	0	(53)
Reclass (to)/from Infrastructure	0	(109)	0	0	0	0	(109)
Value as at 31 March 2026	245,825	903,002	61,973	33,852	4,003	48,064	1,296,719
Depreciation							
Accum Depn at 31 March 2025	(204)	(11,172)	(23,971)	(456)	0	(65)	(35,868)
Charges for the year	(4,896)	(16,391)	(6,861)	0	0	0	(28,148)
Revaluation Gain/(Loss) to Revaln Res	4,764	23,519	0	0	0	0	28,283
Reval/Impair Loss to SDPS	0	(410)	0	0	0	0	(410)
Reverse Reval/Impair to SDPS	0	0	0	0	0	0	0
Derecognition - Disposals	66	2,193	4,196	0	0	0	6,455
Derecognition - Other	0	0	0	0	0	0	0
Re-classification of assets	0	348	0	0	0	(348)	0
Reclass (to)/from Held for Sale	0	20	0	0	0	0	20
Reclass to/from Heritage	0	526	0	0	0	0	526
Reclass (to)/from Investment	0	35	0	0	0	0	35
Reclass to/from Infrastructure	0	26	0	0	0	0	26
Accum Depn at 31 March 2026	(270)	(1,306)	(26,636)	(456)	0	(413)	(29,081)
Net Book Value at 31 March 2026	245,555	901,696	35,337	33,396	4,003	47,651	1,267,638
Net Book Value at 31 March 2025	238,302	885,492	31,123	32,251	6,240	9,808	1,203,216
Nature of Asset Holding							
Owned	245,555	873,052	30,328	33,396	4,003	47,651	1,233,985
PFI		22,224					22,224
Leased		6,420	5,009				11,429
Total	245,555	901,696	35,337	33,396	4,003	47,651	1,267,638

2024-25 Comparator

Property, Plant and Equipment Movements in 2024-25	Non-Current Assets						
	Council Houses	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Value as at 31 March 2024	229,861	893,807	115,807	31,610	740	11,366	1,283,191
Additions	10,378	45,447	5,660	1,123	0	3,533	66,141
Revaluation Gain/(Loss) to Revaln Res	58	17,178	0	0	1,349	0	18,585
Reval/Impair Losses to SDPS	0	(39,035)	0	0	0	0	(39,035)
Reverse Reval/Impair to SDPS	0	5,603	0	0	0	0	5,603
Derecognition - Disposals	(1,791)	(24,078)	(66,373)	0	0	0	(92,242)
Derecognition - Other	0	0	0	0	0	0	0
Re-classification of assets	0	5,139	0	(26)	(87)	(5,026)	0
Reclass (to)/from Held for Sale	0	(7,397)	0	0	4,238	0	(3,159)
Reclass (to)/from Heritage	0	0	0	0	0	0	0
Reclass (to)/from Investment	0	0	0	0	0	0	0
Reclass (to)/from Intangible	0	0	0	0	0	0	0
Value as at 31 March 2025	238,506	896,664	55,094	32,707	6,240	9,873	1,239,084
Depreciation							
Accum Depn at 31 March 2024	(138)	(25,207)	(83,249)	(456)	0	(65)	(109,115)
Charges for the year	(4,701)	(24,157)	(6,704)	0	0	0	(35,562)
Revaluation Gain/(Loss) to Revaln Res	4,598	29,920	0	0	0	0	34,518
Reval/Impair Loss to SDPS	0	6,273	0	0	0	0	6,273
Reverse Reval/Impair to SDPS	0	0	0	0	0	0	0
Derecognition - Disposals	37	1,869	65,982	0	0	0	67,888
Derecognition - Other	0	0	0	0	0	0	0
Re-classification of assets	0	0	0	0	0	0	0
Reclass to/from Held for Sale	0	130	0	0	0	0	130
Reclass to/from Heritage	0	0	0	0	0	0	0
Accum Depn at 31 March 2025	(204)	(11,172)	(23,971)	(456)	0	(65)	(35,868)
Net Book Value at 31 March 2025	238,302	885,492	31,123	32,251	6,240	9,808	1,203,216
Net Book Value at 31 March 2024	229,723	868,600	32,558	31,154	740	11,301	1,174,076
Nature of Asset Holding							
Owned	238,302	859,998	29,263	32,251	6,240	9,808	1,175,862
PFI	0	20,165	0	0	0	0	20,165
Leased	0	5,329	1,860	0	0	0	7,189
Total	238,302	885,492	31,123	32,251	6,240	9,808	1,203,216

Infrastructure Assets

In accordance with the Temporary Relief offered by the update to the CIPFA Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

In order to show a true and fair view of the overall position on PPE, the tables below demonstrate the total Net Book Value balance of these assets.

Movements on Balances	2025-26 £000
Net Book Value (Modified historic cost) at 1 April 2025	288,173
Additions	37,883
Derecognition	0
Depreciation	(23,961)
Reclassification	109
Other Movement in Cost	(26)
Net Book Value (Modified historic cost) at 31 March 2026	302,178

Summary of Assets	31 March 2026 £000
Infrastructure Assets	302,178
PPE	1,267,638
Total PPE Assets	1,569,816

2024-25 Comparator figures

Movements on Balances	2024-25 £000
Net Book Value (Modified historic cost) at 1 April 2024	287,242
Additions	22,503
Derecognition	0
Depreciation	(21,572)
Impairment	0
Other Movement in Cost	0
Net Book Value (Modified historic cost) at 31 March 2025	288,173

Summary of Assets	31 March 2025 £000
Infrastructure Assets	288,173
PPE	1,203,216
Total PPE Assets	1,491,389

Depreciation

The following useful lives and depreciation rates are used for depreciating new or revalued capital assets. In exceptional circumstances other useful lives may be retained if appropriate to the asset. Operational Buildings will normally be assigned a 50 year useful life unless there is a reason to override this assumption. All depreciation is charged on a straight line basis.

Asset Classification	Useful Lives	Most Common Depreciation Rate %
Council Houses	Up to 60 years	3.8%
Operational Buildings	Up to 100 years	2.0%
Infrastructure	Up to 40 years	3.0%
Vehicles	Up to 12 years	13.3%
Plant and Equipment	Up to 10 years	20.0%

Bases of valuations

The Council re-values its operational properties over a five year cycle to ensure that values do not become out of date. Where values may change outside of these planned dates (e.g. due to work undertaken, change in usage or economic conditions) then valuations are brought forward.

For 2025-26 a de-minimis of £20,000 has been applied to operational properties, this does not have a material impact on the property valuations.

The Council's Property Services section value the freehold and leasehold properties which make up the Council's portfolio. They are valued in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (The Red Book). Valuations are undertaken to reflect asset values as at 31 March 2026.

Operational properties of a specialised nature are valued on the basis of what it would cost to reinstate the asset or to acquire a modern equivalent. This is adjusted to reflect the age, wear and tear and obsolescence of the existing asset.

Council Houses are valued on a five year cycle using a beacon value methodology. The recorded value is an Existing Use Value for Social Housing, which is the value the properties would be exchanged at on the presumption that they must continue to be used for social housing purposes. The valuations are reduced to reflect the fact these houses are occupied by secure tenants.

Vehicles, Equipment, Community Assets, Infrastructure Assets and Assets under Construction are all held in the accounts at depreciated historic cost.

Non-specialised operational properties are valued by reference to the open market value of equivalent assets of a similar type and condition. This is evidenced by recent market transactions and done on the assumption that they would continue in their existing use. Non-operational properties are valued by reference to their open market value for an alternative use allowed by planning permissions.

Where assets are included in the Balance Sheet at current value, they are required to be re-valued at intervals no longer than five years. The Council has done this on the basis of a rolling

programme. The following statement shows the age profile of existing asset values and compares these to their historic cost equivalents.

Effects of changes in methodologies and estimates

The Council has completed the assessment of indexation in line with the requirements of the Code as at 31 March 2026. New valuations are otherwise directly comparable to the approach taken in previous years, and changes in those values reflect changes in the asset or the wider economic climate.

Valuations	Council Dwellings £000	Operational Land and Buildings £000	Surplus Assets £000	Total PPE Assets £000
Revaluation Year Of Net Book Value:				
31 March 2026	245,555	686,962	4,003	936,520
31 March 2025	0	30,265	0	30,265
31 March 2024	0	68,346	0	68,346
31 March 2023	0	8,081	0	8,081
31 March 2022	0	108,042	0	108,042
Total	245,555	901,696	4,003	1,151,254

Significant commitments under capital contracts

The value of significant commitments under capital contracts, where amounts of £0.5m or more are contracted to be paid after 31 March 2026, totals £11m (£22m at 31 March 2025).

The following table breaks down these commitments:

Scheme	Contract Total Commenced in 2025-26 £000	Spend to 31 March 2025 £000	Spend in 2025-26 £000	Outstanding balance on Contract 2025-26 £000	Outstanding balance on Contract 2024-25 £000
Archives	0	1,860	15,478	5,284	20,762
Chester Walls	1,002	0	430	572	0
Kings Moat Primary School	7,977	0	5,838	2,139	0
Rose Meadow Urban Forest	696	0	143	553	0
Weaver Square	1,487	0	0	1,487	0
Winsford Town Centre	0	13,699	289	782	1,071
Total	11,162	15,559	22,178	10,817	21,833

16. Heritage Assets

Movements in 2025-26	Non-Current Assets							Total £000
	Historic Buildings/ Memorials	Sites of Historic Interest	Museum Collections	Historic Archives	Fine Art/ Sculpture	Civic Regalia		
	£000	£000	£000	£000	£000	£000		
Certified Valuation at 31 March 2025	13,368	3,276	10,625	500	4,032	593	32,394	
Additions	277	0	2	0	0	0	279	
Disposals	0	0	0	0	0	0	0	
Revaluation Gains/Losses	0	0	0	0	0	0	0	
Impairment Losses/(Reversals) to SDPS	0	0	0	0	0	0	0	
Impairment Losses /Reversals to RR	0	0	0	0	0	0	0	
Reclassification to/from other asset categories	5,685	0	0	0	0	0	5,685	
Value as at 31 March 2026	19,330	3,276	10,627	500	4,032	593	38,358	
Depreciation								
At 31 March 2025	(2,209)	(5)	0	0	0	0	(2,214)	
Charges for the year	(288)	0	0	0	0	0	(288)	
Disposals	0	0	0	0	0	0	0	
Revaluation Gains/Losses	0	0	0	0	0	0	0	
Reclassification to/from other asset categories	(526)	0	0	0	0	0	(526)	
Accumulated Depn at 31 March 2026	(3,023)	(5)	0	0	0	0	(3,028)	
Net Book Value at 31 March 2026	16,307	3,271	10,627	500	4,032	593	35,330	

Movements in 2024-25	Non-Current Assets							Total £000
	Historic Buildings/ Memorials	Sites of Historic Interest	Museum Collections	Historic Archives	Fine Art/ Sculpture	Civic Regalia		
	£000	£000	£000	£000	£000	£000		
Certified Valuation at 31 March 2024	13,280	3,276	10,625	500	4,032	593	32,306	
Additions	88	0	0	0	0	0	88	
Disposals	0	0	0	0	0	0	0	
Revaluation Gains/Losses	0	0	0	0	0	0	0	
Impairment Losses/(Reversals) to SDPS	0	0	0	0	0	0	0	
Impairment Losses /Reversals to RR	0	0	0	0	0	0	0	
Reclassification to/from other asset categories	0	0	0	0	0	0	0	
Value as at 31 March 2025	13,368	3,276	10,625	500	4,032	593	32,394	
Depreciation								
At 31 March 2024	(1,925)	(5)	0	0	0	0	(1,930)	
Charges for the year	(284)	0	0	0	0	0	(284)	
Disposals	0	0	0	0	0	0	0	
Revaluation Gains/Losses	0	0	0	0	0	0	0	
Reclassification to/from other asset categories	0	0	0	0	0	0	0	
Accumulated Depn at 31 March 2025	(2,209)	(5)	0	0	0	0	(2,214)	
Net Book Value at 31 March 2025	11,159	3,271	10,625	500	4,032	593	30,180	

Historic Buildings

The Council's historic buildings are currently held at depreciated historic cost. The Council holds the following under historic buildings:

- The Lion Salt Works
- Stretton Mill Museum
- The Anchorite Cell, The Groves
- The Guildhall, Watergate Street
- Dee House, Little St. John Street

Public Monuments/Memorials

The Council also has responsibility for the management and maintenance of a significant number of public monuments and memorials. These assets take the form of statues, crosses, historic way markers and a significant number of war memorials. There are estimated to be over 100 individually recorded memorials within the borough and several hundred smaller marker posts.

The majority of these assets record historically significant figures or events which affected the people of Cheshire West and Chester.

Sites of Historic Interest

The Council has two sites of historic interest, part of the Chester Walls and the St Johns Church ruins. These assets are held at Depreciated Historic Cost (DHC) as there is no mechanism for replacing these assets. The Council incurs maintenance work to reverse the impacts of wear and tear and deterioration.

Museum Collections

These assets are valued based on their insurance value which is reviewed for currency annually. Additions to the collection are initially recorded at the costs paid and items which are donated are recorded based on professional judgements of their value. The valuation shown does not reflect items which are held in the museums but have only been loaned to the Council by a benefactor or are part of an exchange programme with other museums/collections, as they are not in Council ownership.

Historic Archives

The valuation of £0.5m is based on half of the insurance value held against the costs of repairing damage to the documents held. This is an approximation of the value the Council attaches to the archives as there was no acquisition cost for most of these assets and by definition they cannot be replaced. This valuation is not expected to change significantly over time.

17. Investment Properties

The Council operates a portfolio of Investment Properties which it either leases out to local business for industrial or commercial usage or holds for capital appreciation. The Council operates its investment property portfolio as a trading account, recording both the income generated and costs incurred.

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

2024-25 £000	Investment Asset Income and Expenditure	2025-26 £000
(13,306)	Rental Income from Investment Property	(13,902)
6,446	Direct Expenditure Arising from Properties	6,527
(6,860)	Net Cost/(Income) in the Year	(7,375)

The movements in the value of investment properties during 2025-26 are analysed below:

2024-25 £000	Investment Assets Movements in Year	2025-26 £000
147,199	Balance at Start of Year	162,054
3,324	Additions	954
(1,480)	Disposals	(947)
	Fair Value Adjustments	
24,644	- Increases in Fair Value	4,837
(10,178)	- Decreases in Fair Value	(1,945)
(1,455)	Transfers (to) or from other asset categories	18
162,054	Value as at 31 March	164,971

Details of investment properties and information about the fair values hierarchy as at 31 March 2026 are as follows:

Fair Value as at 31 March 2025	Investment Properties Fair Value hierarchy 2025-26	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31 March 2026
Total £000		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
	Recurring fair value measurement using:				
89,604	Commercial units	0	88,610	0	88,610
61,035	Industrial units	0	62,952	0	62,952
9,923	Land (including Car Parks)	0	12,606	0	12,606
1,492	Other	0	803	0	803
162,054	Total	0	164,971	0	164,971

The Council measures its investment properties at Fair Value. Fair Value is the price that would be received to sell an asset or paid to transfer a liability 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 uses qualified external property valuers to provide a valuation of its assets in line with the highest and best use definition of its investment properties. In estimating the Fair Value of the Councils investment properties, the highest and best use is their current use.

All the Council's investment properties have been value assessed as Level 2 in the Fair Value hierarchy for valuation. The fair value of investment properties has been determined using a market and income approach, which takes into account direct and indirect observable data from the market where there are no quoted prices. Information is obtained about similar assets, existing lease terms and rentals, research of market evidence including yields and rentals. Adjustments made based on valuer judgement, are unlikely to be material to the overall change in value. We also use the local knowledge and understanding of the Council portfolio when valuing the investment portfolio. Market conditions of similar assets actively purchased and sold within the market and from within the portfolio provide a level of observable inputs, leading to the properties being categorised as level 2 on the fair value hierarchy. There has been no change in the valuation techniques used during this year for investment properties. There have been no transfers between Levels 1 and 2 during the year.

18.Intangible Assets

Restated Total Assets 2024-25 £000	Intangible Assets	Other Assets 2025-26 £000	Assets Under Construction 2025-26 £000	Total Assets 2025-26 £000
	Balance at start of year:			
14,886	Gross carrying amount	16,222	0	16,222
(7,815)	Accumulated amortisation	(9,136)	0	(9,136)
7,071	Net carrying amount at start of year	7,086	0	7,086
	Purchases & Asset under Construction:			
3,183	Additions	2,312	0	2,312
0	Reclassification	0	0	0
	Disposals:			
(1,847)	Gross carrying amount	(5,241)	0	(5,241)
1,847	Accumulated amortisation	5,241	0	5,241
(3,168)	Amortisation for the Period	(3,255)	0	(3,255)
7,086	Net carrying value at end of year	6,143	0	6,143
	Comprising:			
16,222	Gross Carrying Amount	13,293	0	13,293
(9,136)	Accumulated Amortisation	(7,150)	0	(7,150)
7,086	Total	6,143	0	6,143

19.Assets held for sale

The balance of Assets Held for Sale has decreased by £3.245m during 2025-26. The assets within this category are currently being marketed and expected to sell within the next 12 months.

2024-25 £000	Assets held for sale	2025-26 £000
12,722	Balance at Start of Year	11,387
	Assets Transferred into Assets Held for Sale:	
8,814	Property, Plant and Equipment	4,323
1,455	Investment Assets	0
0	Additions	0
	Valuation Changes:	
(1,424)	Revaluation Gains/Losses	(1,321)
	Assets Transferred out of Assets Held for Sale:	
(5,785)	Property, Plant and Equipment	(2)
0	Investment Assets	0
0	Asset Under Construction	0
(4,395)	Assets sold	(6,245)
11,387	Balance at end of the year	8,142

20. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity; these can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. Non-exchange transactions, such as those relating to prepayments, taxes and Government grants, do not give rise to financial instruments.

The tables below outline the categories of financial instruments that are carried in the Council's balance sheet.

Financial Assets

A financial asset is the right to receive future economic benefits. The financial assets held by the Council during the year are accounted for under the following bases:

Type of Assets	Classification	Measurement
	2025-26 and 2024-25	2025-26 and 2024-25
Cash	Amortised cost	Amortised cost
Bank current and deposit accounts	Amortised cost	Amortised cost
Government Deposits	Amortised cost	Amortised cost
Fixed term deposits with banks	Amortised cost	Amortised cost
Loans to other councils	Amortised cost	Amortised cost
Trade receivables	Amortised cost	Amortised cost
Shares in UK Municipal Bond Agency (UKMBA)	Fair Value Through other Comprehensive Income (FVOCI)	Fair Value Through other Comprehensive Income (FVOCI)
Units in pooled equity and property funds managed by Schrodgers and CCLA	Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Profit and Loss (FVTPL)
Units in instant access pooled money market funds	Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Profit and Loss (FVTPL)

In line with IFRS 9 the Council elects to treat the Council's shareholding in the UK Municipal Bond Agency (350,000 ordinary 1p shares) as being classified at fair value through other comprehensive income (FVOCI).

The following investment are classified as Fair Value Through Profit and Loss by regulation:

Type of Investments	Units Held
Income units in CCLA Local Authorities Mutual Investment Trust Property Fund	1,545,356
Income units in Schrodgers Income Maximiser Fund	9,681,318

The following categories of financial instrument are carried in the balance sheet:

Long term investments represent interest in minority shareholdings and long-term strategic holdings in property and equity funds. Short term investments represent fixed term deposits with HM Treasury, notice accounts with banks and investments in instant access accounts.

Financial Assets	Long Term		Short Term	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	£000	£000	£000	£000
Assets at amortised cost				
Principal amount	0	0	0	0
Loss allowance	0	0	0	0
Assets at fair value through other comprehensive income (FVOCI)				
Equity investments elected FVOCI	0	0	0	0
Assets at fair value through profit and loss				
Pooled Property and Equity Funds	8,979	8,514	0	0
Total Investments	8,979	8,514	0	0
Assets at amortised cost				
Principal amount	0	0	897	919
Loss allowance	0	0	0	0
Balance at Bank	0	0	2,150	3,749
Assets at fair value through profit and loss				
Money Market Funds	0	0	73,397	89,347
Total Cash and Cash Equivalents	0	0	76,444	94,015
Assets at amortised cost				
Trade receivables/Debtors	13,561	14,106	68,408	58,251
Total	13,561	14,106	68,408	58,251
Non financial instrument debtors	0	0	29,323	27,340
Total Debtors	13,561	14,106	97,731	85,591
Amount Included in Debtors	13,561	14,106	68,408	58,251
Total All Financial Assets	22,540	22,620	144,852	152,266

Equity Instruments

Equity Instruments elected to fair value through other comprehensive income	Fair Value		Dividends	
	31 March 2026	31 March 2025	2025-26	2024-25
	£000	£000	£000	£000
UKMBA 1p ordinary shares	0	0	0	0
Total Equity Instruments	0	0	0	0

The UKMBA investment is carried at zero value as a result of impairments in previous years.

Pooled Investments

The Council holds pooled investments in a property fund and an equity fund. Any changes in the valuation are required to be recognised as fair value through profit and loss, which consequently impacts the Council's general fund reserve and revenue budget. A temporary statutory override was in place until March 2025 to mitigate the impact of these changes in valuation. The Ministry of, Housing, Communities and Local Government (MHCLG) has implemented transitional arrangements which will be for legacy investments already in place at the end of the previous financial year (1 April 2024). The override will continue to apply for these investments until 1 April 2029. The Council has utilised the statutory override to account for any changes in the value of these investments.

Details of the investments are as follows:

Instruments at fair value through profit and loss	Fair Value		Dividends/Interest	
	31 March 2026	31 March 2025	2025-26	2024-25
	£000	£000	£000	£000
Schroder Income Maximiser Fund Class Z Units	4,737	4,269	306	279
CCLA LAMIT Property Fund Income Units	4,242	4,245	200	215
Money Market Funds	73,397	89,347	3,805	4,570
Total Instruments at fair value	82,376	97,861	4,311	5,064

Financial Liabilities

A financial liability is an obligation to transfer economic benefits. The financial liabilities held by the Council during the year are accounted for under the following basis:

Type of Liability	Classification	Measurement
	2025-26 and 2024-25	2025-26 and 2024-25
Long term loans from the Public Works Loan Board (PWLB)	Amortised cost	Amortised cost
Long term loans from banks and other commercial organisations	Amortised cost	Amortised cost
Loans to other councils	Amortised cost	Amortised cost
Payments due under leases	Amortised cost	Amortised cost
Private Finance Initiative (PFI) contracts	Amortised cost	Amortised cost

The Non financial instruments creditors for March 2025 have been restated to exclude grants received in advance as these are shown separately from creditors on the balance sheet.

Financial Liabilities	Long Term		Short Term	
	31 March 2026	31 March 2025	31 March 2026	Restated 31 March 2025
	£000	£000	£000	£000
Loans at amortised cost				
Principal Amount	218,270	225,421	17,154	6,148
Accrued Interest	0	0	2,566	2,579
Total Borrowing	218,270	225,421	19,720	8,727
Loans at amortised cost				
Bank Overdraft	0	0	6,373	3,233
Total Cash Overdrawn	0	0	6,373	3,233
Long Term Liabilities at amortised cost				
Leases	6,023	3,544	0	0
PFI contracts	23,437	27,492	0	0
Amounts owed to Cheshire East Council	649	531	0	0
Total Other Long Term Liabilities	30,109	31,567	0	0
Short Term Liabilities at amortised cost				
Leases	0	0	3,134	3,622
PFI contracts	0	0	1,777	1,650
Amounts owed to Cheshire East Council	0	0	0	0
Trade Creditors	0	0	139,514	120,704
Total Trade Creditors	0	0	144,425	125,976
Non financial instrument creditors	0	0	44,074	43,078
Total Creditors	0	0	188,499	169,054
Amount Included in Creditors	0	0	144,425	125,976
Total All Financial Liabilities	248,379	256,988	170,518	137,936

Short term borrowings comprise in the main of loan principal and interest payments due in less than one year and bank overdrafts. The 'Other long term liabilities' section includes PFI, leases and amounts owed to Cheshire East Council in relation to shared properties.

Within the debtors and creditors analysis, certain transactions are removed where they are not considered to be financial instruments (i.e. they do not meet the definition of a financial asset or a financial liability). This is the case for arrangements such as the pay over of deductions for tax and national insurance to Government or prepayments. These are not contractual arrangements whereby the Council is giving or receiving credit, so they are not classed as financial instruments.

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The Council has adopted this approach in respect of its main bank accounts at Lloyds Bank which are shown in the table below on the bank overdraft line. See note 22 Cash and cash equivalent for details of accounts that have permitted right of set off.

Offsetting Financial Assets and Liabilities	31 March 2026			31 March 2025		
	Gross assets (liabilities) £000	(Liabilities) assets set off £000	Net position on balance sheet £000	Gross assets (liabilities) £000	(Liabilities) assets set off £000	Net position on balance sheet £000
Trade receivables	0	0	0	0	0	0
Bank accounts in credit	80,471	(80,471)	0	1,913	(1,913)	0
Total financial assets	80,471	(80,471)	0	1,913	(1,913)	0
Trade payables	0	0	0	0	0	0
Bank overdrafts	(86,844)	80,471	(6,373)	(5,146)	1,913	(3,233)
Total financial liabilities	(86,844)	80,471	(6,373)	(5,146)	1,913	(3,233)

Income, expense, gains and losses

The gains and losses in relation to financial instruments comprise of the following:

Financial Instruments Gains and Losses	Financial Liabilities	Financial Assets			Total 2025-26 £000	Total 2024-25 £000
	Amortised Cost £000	Amortised Cost £000	Elected to Fair Value through Other Comp Income £000	Fair Value through Profit & Loss £000		
Interest payable	11,693	0	0	0	11,693	12,084
Loss on de-recognition	0	0	0	0	0	0
Fees paid	0	0	0	0	0	0
Interest payable and similar charges	11,693	0	0	0	11,693	12,084
Interest receivable	0	(2,887)	0	(3,805)	(6,692)	(7,743)
Dividend income	0	0	0	(506)	(506)	(494)
Interest receivable and investment income	0	(2,887)	0	(4,311)	(7,198)	(8,237)
(Gains)/Losses on revaluation	0	0	0	(465)	(465)	(418)
Net impact on surplus / deficit on provision of services	11,693	(2,887)	0	(4,776)	4,030	3,429
Impact on other comprehensive income	0	0	0	0	0	0
Net (Gain) / Loss for the Year	11,693	(2,887)	0	(4,776)	4,030	3,429

Fair Values of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in the principal market for the asset or liability. All of the Council's financial liabilities are carried in the balance sheet at amortised cost. Many of the Council's financial assets are also carried in the balance sheet at their amortised cost. The fair value of both can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:

- Loans payable have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for similar loans.
- For non-PWLB loans, in the absence of a substantial active market for new long term market loans, the rates used for new borrowing are based on discussions with market participants for new lending. These rates provide a reasonable proxy for rates that market participants appear to have used for early redemption costs for market loans.
- Premium/discounts have been used in the desktop fair value calculation for market debt and LOBOs and do not purport to represent an actual price for exiting the loan.
- Accrued interest is included in the calculation of fair value.
- No early re-payment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- All loans issued are relatively short term (less than one year) and therefore fair value will not vary significantly from carrying value.
- The fair value of unquoted equity is calculated by reference to the estimated amount of equity attributable to the owners of the company as shown in the company's most recent set of published accounts.
- Lease liabilities and PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate Public Works Loans Board annuity loan certainty rate.

The fair value of financial assets and liabilities are determined using one of three bases (level 1, 2 or 3), which is set out in Note 1. Significant accounting policies.

Fair value of assets

Fair Value of Financial Assets	Fair Value Level	Balance Sheet Value	Fair Value	Balance Sheet Value	Fair Value
		31 March 2026 £000	31 March 2026 £000	31 March 2025 £000	31 March 2025 £000
Financial assets held at fair value					
Money market funds	1	73,397	73,397	89,347	89,347
Pooled equity funds	1	4,737	4,737	4,269	4,269
Pooled property funds	1	4,242	4,242	4,245	4,245
Financial assets held at amortised cost					
Bank deposits and notice accounts	2	897	897	919	919
Government Deposits	2	0	0	0	0
Short term debtors		68,408	68,408	58,251	58,251
Long term debtors		13,561	13,561	14,106	14,106
Balance at Bank		2,150	2,150	3,749	3,749
Total Financial Assets		167,392	167,392	174,886	174,886
Recorded on the balance sheet as					
Long term investments		8,979		8,514	
Long term debtors		13,561		14,106	
Short term debtors		68,408		58,251	
Cash and cash equivalents		76,444		94,015	
Total Financial Assets		167,392		174,886	

The financial assets whose recurring fair value is determined using level 1 inputs (the ex-dividend share price on 31 March 2026) comprise of a long-term strategic shareholding in the CCLA Local Authorities Property Fund and the Schroders Income Maximiser Fund. The Council view this shareholding as being a long-term strategic shareholding. Changes in the fair value of the shareholding are therefore taken direct to the Financial Instruments Revaluation Reserve in accordance with the accounting treatment set out in IFRS 9, and the MHCLG statutory override.

Instant access money market funds are valued using level 1 inputs namely the ex-dividend share price on 31 March 2026.

The financial assets held by the Council at amortised cost on the balance sheet date, and whose fair value is determined using level 2 bases, comprise of short-term fixed rate deposits with HM Treasury, instant access accounts with UK banks, and notice accounts with UK banks.

The fair value of trade receivables is assumed to approximate to the carrying amount.

The financial assets whose recurring fair value is determined using level 3 inputs comprise of a minority shareholding in the UK Municipal Bond Agency (UKMBA). The company having incurred significant set up costs.

The fair value of the Council's 5% shareholding in the company has been calculated by reference to the Council's estimated pro-rata share of the total equity attributable to the owners of UKMBA as shown in the financial statements for the year ended 30 November 2024.

The Council views the shareholding in UKMBA as being a long-term strategic shareholding. Consequently, changes in the fair value of the shareholding are taken to the Financial Instruments Revaluation Reserve in accordance with the accounting treatment set out in IFRS 9.

Fair Value of Financial Liabilities	Fair Value Level	Balance Sheet Value	Fair Value	Balance Sheet Value	Fair Value
		31 March 2026 £000	31 March 2026 £000	31 March 2025 £000	31 March 2025 £000
Long and short term loans from PWLB	2	213,712	196,594	209,027	195,522
Long term LOBO loans	2	7,336	7,977	7,344	7,852
Other long and short term loans	2	16,942	15,472	17,777	16,644
PFI contracts	2	25,214	27,094	29,142	21,289
Leases and other long term liabilities		9,806	9,806	7,697	7,697
Short term creditors		139,514	139,514	120,704	120,704
Bank Overdraft		6,373	6,373	3,233	3,233
Total Financial Liabilities		418,897	402,830	394,924	372,941
Recorded on the balance sheet as					
Long term borrowing		218,270		225,421	
Other long term liabilities		30,109		31,567	
Long term creditors		0		0	
Short term liabilities		4,911		5,272	
Short term borrowing		19,720		8,727	
Short term creditors		139,514		120,704	
Bank Overdraft		6,373		3,233	
Total Financial Liabilities		418,897	0	394,924	0

Fair Value of Liabilities

Ascertaining the fair value of long-term loans that are held on the balance sheet at amortised cost makes use of level 2 inputs:

- The fair value here (and which is shown above) represents the amount of loans that could be raised on the balance sheet date that would give rise to the same profile of interest payments and principal repayments as those the Council is committed to under its existing loan agreements were the loans to be raised at the prevailing market rates.
- Leases carrying value is representative of the fair value of the assets and are carried at level 2 inputs.
- PFI contracts fair value is derived using the interest payable on equivalent PWLB annuity loans raised at the certainty rate at the balance sheet date. This rate is considered to be a fair reflection at which the Council could raise equivalent debt were it to refinance the existing debt.
- The fair value short term creditors, leases and other long-term liabilities are assumed to approximate to the carrying amount.

21. Debtors

The Council's debt position as at 31 March is:

31 March 2025 £000	Current Debtors	31 March 2026 £000
58,251	Trade receivables	68,408
5,591	Prepayments	4,952
11,620	Local Taxation	14,019
10,129	Other receivable amounts	10,352
85,591	Total	97,731

Overall, there has been an increase in outstanding debt of £12.1m when compared to 31 March 2025.

The majority of the Council's debt is with individuals (rent arrears, social care debt or Council Tax) or is trade debt with other private sector organisations. The Council also holds significant debts with other Councils (joint working) and the Government (VAT and NI payments). Where the Council holds debt provisions these have been reflected against the appropriate category.

As part of IFRS 9, the Council is required to use the expected losses approach to calculate the impairment loss allowance. Using this approach provides a more accurate impairment charge to the CIES.

Debtors for Local Taxation

Historic total sums due for council tax and non-domestic rates are:

31 March 2025 £000	Debtors for Local Taxation	31 March 2026 £000
10,204	Less than twelve months	11,208
19,226	More than one year	22,370
29,430	Total	33,578

An expected credit loss (bad debt provision) of £19.6m (2024-25 £17.8m) has been provided for. The increase in local taxation debt is related to increases in both Council Tax and Business Rates arrears. These are mainly due to inflation and late additions to the business rates list that were billed in March 26 therefore outstanding at year end.

22. Cash and Cash Equivalents

The following table shows the balance of cash and cash equivalents as of 31 March 2026.

31 March 2025 £000		31 March 2026 £000
3,749	Bank Current Accounts	2,150
(3,233)	Bank Overdraft	(6,373)
90,266	Short Term Deposits	74,294
90,782	Total	70,071

The Council holds current balances for processing payroll, payment and income transactions as well as a Council Fund account to ensure there are sufficient funds available to meet all short-term commitments. Where payments have been initiated on the last working day of March, the current account balance shows them as if they have already been made, even though they will not physically leave the account until the next working day.

The Council also holds balances in longer term deposit accounts to ensure the balances generate a financial return until they are required to fund expenditure.

The following table shows the types of accounts held by the Council and where there is a legally enforceable right of set off and it intends to settle on a net basis or to realise the assets and liabilities simultaneously. See Note 20 for further details.

31 March 2025 £000		31 March 2026 £000	Legal right to set off
1,913	Council fund accounts	80,471	Yes
(5,041)	Payables account	(70,536)	Yes
(105)	Payroll account	(16,308)	Yes
919	Instant access account	897	
89,347	Money market funds	73,397	
3,219	School bank accounts	1,751	
42	Imprest bank accounts	40	
488	Other	359	
90,782	Total	70,071	

The Council Fund, Payables and Payroll accounts have an overall balance of (£6.373m) for 2025-26 and (£3.233m) 2024-25. These balances have been shown within current liabilities in the balance sheet.

23.Creditors

The Council's creditor position as at 31 March 2026 is analysed as follows:

31 March 2025 £000	Creditors	31 March 2026 £000
91,936	Trade payables	110,701
23,392	Receipts in advance	22,998
53,726	Other payables	54,800
169,054	Total	188,499

Overall, the Council's creditors have increased by £19.5m compared to 31 March 2025. This movement is primarily driven by increases in Trade Payables of £18.8m and Other Payables of £1.1m, partially offset by a reduction in Receipts in Advance of £0.4m.

The increase in Trade Payables largely reflects a rise in year-end accruals of £22.0m, partly offset by a decrease in outstanding supplier balances of £3.0m. The higher accruals include a £3.9m increase relating to the highway's maintenance contract, £10.7m increase in Mersey Forest accruals, and a £2.6m increase relating to Shared Services accruals.

In addition to these accruals, Trade Payables also include £2.7m due to the Cheshire and Warrington Combined Authority. Further details are provided in Note 30.

The increase in Other Payables mainly relates to a £0.9m rise in the HMRC creditor, predominantly due to the increase in employers' National Insurance rates from April 2025.

24.Provisions

The Council holds a provision when it has identified a liability that it is exposed to as a result of its past actions or decisions, but where it cannot quantify the precise costs or timing of the probable payment. The provision ensures that the costs are recognised as close as possible to the time the liability was incurred. Should the actual costs differ from those estimated the net difference will be charged to the CIES in the year the difference is identified.

	Short Term Provisions				
	Redundancy £000	Public Enquiry £000	Interest on Cash Balances £000	Other ST Provisions £000	Short Term Total £000
Balance at 31 March 2024	804	170	0	0	974
Amounts used in year	(484)	0	0	0	(484)
Unused amount released	0	(50)	0	0	(50)
Additional provisions made	52	0	4,065	0	4,117
Balance at 31 March 2025	372	120	4,065	0	4,557
Amounts used in year	(32)	0	(4,065)	0	(4,097)
Unused amount released	(140)	0	0	0	(140)
Additional provisions made	242	300	0	32	574
Balance at 31 March 2026	442	420	0	32	894

Short Term (likely to become payable within 12 months) provisions include:

- **Redundancy** - Sums held to fund the costs of redundancy payments to individuals which have been agreed in advance of 31 March but will take place in the following financial year.
- **Public Enquiry Costs** – This provision is to fund any costs incurred by the Council in responding to legal challenges to the appropriateness of planning decisions made.
- **Interest on Cash Balances** – This provision is the interest on cash balances relating to Mersey Forest, for which the Council acts as Accountable Body. The interest had been earned on the grant funding allocated to Mersey Forest by Defra. The provision was set-up in 2024-25 to hold the interest until an agreement was reached on its allocation. The agreement was reached in 2025-26 and the provision was released.
- **Other ST Provisions** – This provision is for backpay to correct a system error that has occurred when calculating overtime for the Reablement team.

	Long Term Provisions					
	Insurance Provision £000	Closed Landfill £000	Business Rates £000	Council Companies £000	Other LT Provisions £000	Long Term Total £000
Balance at 31 March 2024	3,430	2,000	19,341	866	88	25,725
Amounts used in year	(1,573)	(174)	(4,129)	0	(22)	(5,898)
Unused amount released	(753)	0	0	(335)	0	(1,088)
Additional provisions made	2,720	0	5,231	30	90	8,071
Balance at 31 March 2025	3,824	1,826	20,443	561	156	26,810
Amounts used in year	(1,314)	(155)	(2,277)	0	(40)	(3,786)
Unused amount released	(233)	0	0	0	0	(233)
Additional provisions made	2,085	0	574	474	0	3,133
Balance at 31 March 2026	4,362	1,671	18,740	1,035	116	25,924

Long Term Provisions include:

- **Insurances** – The Council holds insurance provisions for the cost of known claims up to the excess level on its insurance policies. The value of this provision is based on the individual claim reserves set by either external claims handlers or internal insurance staff.
- **Closed Landfill Sites** – Representing the future costs of necessary remedial works to remove contamination and make safe former landfill sites across the borough.
- **Business Rates Appeals** – The Council’s share of costs that would arise should the appeals lodged by a range of companies against their Non-Domestic Rates charges be upheld by the Valuation Office Agency.
- **Council Companies** – This provision is held in recognition of costs the Council may face as a result of its ownership of arms-length companies. Specifically, the provision reflects potential exposure to costs from underwriting losses that have been made by those companies, and the risk from pension fund guarantees the Council has provided
- **Other LT Provisions** – This provision was created in 2023-24 for £88k, it is for the HMO licence fees, this is income received for houses with multiple occupancy which spans 5 years. Further HMO licence fee income was received in 2024-25 of £90k which also spans 5 years, and was added to the provision. The provision is being released annually over 5 years.

25. Usable Reserves

The Council holds both revenue and capital usable reserves for a number of reasons, they provide a source of assurance to ensure the Council is financially stable, investment funds for future initiatives and allow balances to be set aside to fund known cost pressures that will occur in later years.

The revenue reserves are split into three core funds for general activities (General Fund), budgets devolved to schools (School Reserves) and Council Housing (HRA Balance) and a number of specific earmarked reserves held for a particular purpose. Capital Reserves are similarly split between a pot for funding future capital expenditure (Capital Receipts Reserve) and earmarked balances. A breakdown of the earmarked reserves and their movement is contained in Note 9, other balances are explained below.

The overall movements show a net decrease in reserves of £6.5m during 2025-26. This largely reflects decreases to Earmarked Reserves, School Reserves, and the Capital Grants Unapplied

reserve and an increase to the Capital Receipts Reserve. Further explanations for major variances follow the table.

31 March 2025 £000	Usable reserves	31 March 2026 £000
	Held for Revenue Purposes	
22,729	General Fund	24,115
9,391	School Reserves	7,236
803	Housing Revenue Account	807
67,462	Earmarked General Fund Reserves	58,336
876	Earmarked HRA Reserves	0
101,261		90,494
	Held for Capital Purposes	
11,146	Capital Receipts Reserve	18,070
36,915	Capital Grants Unapplied Reserve	34,654
6,224	Major Repairs Reserve	5,783
54,285		58,507
155,546	Total	149,001

Revenue Reserves

General Fund – The general fund reserve balance at the start of the year was £22.7m. During the financial year there was a budgeted contribution to the reserve of £2.5m to bring the balance up to £25.2m. The transfer of the in-year overspend of £1.1m to the general fund has reduced the balance at the end of the financial year to £24.1m.

School Balances – School Balances represent the use of the Dedicated Schools Grant (DSG), other school specific grants and income generation, which have been devolved to schools.

Earmarked Reserves – See Note 9 for analysis of the individual movements on earmarked reserves.

Capital Reserves

Capital Receipts Reserve – The Capital Receipts Reserve holds balances which have been generated from the sale of assets or funds the Council has chosen to set aside to fund future capital works. The balance is used each year to finance part of the Council’s capital expenditure. In 2025-26 there was a net increase of £6.9m in the balance on the reserve. This increase reflects a combination of £19.3m of additional income from new receipts and the utilisation of £12.4m of the reserve to fund capital projects in 2025-26. The new capital receipts received related to commercial property receipts (£1.6m), Right to Buy receipts (£5.1m), and general capital receipts (£12.6m).

Capital Grants Unapplied Reserve – This reserve decreased by £2.3m in 2025-26. The movement primarily relates funds drawn down in year to support the capital programme.

Major Repairs Reserve – The Major Repair Reserve holds all the balances that the HRA has set aside to fund the future repayment of its debt or to invest in capital expenditure on the housing

stock. The balance on this reserve is managed in line with the HRA Financial Model. In 2025-26 the balance on the reserve decreased by £0.4m. This decrease was due to capital expenditure in the year being higher than initially budgeted for. Further details on the use of this reserve are contained in the Housing Revenue Account.

26. Unusable Reserves

Unusable Reserves are those that are restricted and cannot be used to finance the Council's operational activities. This is typically due to one of two reasons:

- They represent assets or profits recognised in the Council's accounts but which are not readily available to support current expenditure, e.g. the value is tied up in assets whose valuation exceeds their outstanding funding requirement or investments which have increased in value since purchase; or
- They represent future liabilities that will fall to the Council in later years but under statute are not chargeable against the General Fund until they become due, e.g. pensions deficits.

31 March 2025	Unusable reserves	31 March 2026
£000		£000
498,008	Revaluation Reserve	526,495
646,390	Capital Adjustment Account	685,740
(1,010)	Financial Instruments Adjustments Account	(922)
(12,923)	Pensions reserve	(11,519)
9,453	Collection Fund Adjustment Account	9,673
(9,493)	Accumulated Absences Account	(9,860)
(1,793)	Financial Instrument Revaluation Reserve	(1,327)
(19,701)	Dedicated School's Grant adjustment account	(40,424)
1,108,931	Total	1,157,856

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used to provide services and the value is consumed through depreciation; or
- Disposed of and the gains are realised.

Where the impairment value is greater than the re-value amount, then the excess impairment is charged to the CIES.

2024-25 £000	Revaluation Reserve Movements	2025-26 £000
476,280	Balance at 1 April	498,008
88,338	Upwards Revaluation of assets	83,147
(35,235)	Downward revaluations and impairment losses	(31,447)
53,103	Surplus on revaluation of non-current assets	51,700
(9,584)	Difference fair value and historic cost depreciation	(6,026)
(21,791)	Accumulated gains on assets sold or scrapped	(17,187)
(31,375)	Written off to the Capital Adjustment Account	(23,213)
498,008	Balance at 31 March	526,495

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets.

The Account is:

- Debited with the cost of depreciation, impairment losses and amortisation;
- Credited with Revaluation Reserve funds to convert fair value figures to a historical cost basis;
- Credited with the amounts set aside by the Council as capital financing;
- Allocated gains and losses on Investment Properties not yet used by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. The movement on the reserve during the year is as follows:

2024-25 £000	Capital Adjustment Account	2025-26 £000
636,664	Balance at 1 April	646,390
	Capital funded items charged to CIES	
(57,418)	Charges for depreciation	(52,400)
(3,168)	Amortisation of Intangible assets	(3,255)
(28,583)	Revaln and impairment losses on non current assets	(228)
(8)	Revaluation/Impairment of capital creditors/debtors	(118)
94	IFRS16 Adjustment for donated assets	0
(4,957)	REFCUS (Rev exp funded from capital under statute)	(8,679)
(30,185)	Assets written off to the CIES on disposal	(40,323)
14,466	Change in market value of investment properties charged to CIES	2,892
(109,759)	Subtotal	(102,111)
	Values released from revaluation reserve	
9,584	Depreciation costs funded from revaluation reserve	6,026
21,791	Revalued assets disposed of in year	17,187
31,375		23,213
(78,384)	Net cost of non-current assets used in the year	(78,898)
	Capital financing applied in the year	
14,216	Application of capital receipts	12,435
12,906	Transfer from Major Repairs Reserve	13,571
30,156	Capital grants and contributions from CIES	61,332
5,548	Funding from capital grants unapplied reserve	3,716
24,526	Statutory revenue provision for capital financing from CIES	26,619
758	Revenue contributions to capital costs from CIES	575
0	Contribution to prior year costs of disposal	0
88,110	Subtotal	118,248
646,390	Balance at 31 March	685,740

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

This reserve is used to manage Lender Option Borrower Option (LOBO) loans. These reflect the difference between recording LOBO loans using the effective interest rate as opposed to their normal value, i.e. the principal amount outstanding. These differences will be transferred to the General Fund through the Movement in Reserves Statement over the remaining lives of the loans (until 2054).

2024-25 £000	Financial Instrument Adjustment Account Movement	2025-26 £000
(1,140)	Balance at 1 April	(1,010)
(4)	Premiums/discounts incurred in previous years released to CIES	(4)
21	Proportion of premiums/discounts incurred in previous financial years to be charged to against the General Fund Balance in accordance with statutory requirements	20
113	Amounts by which finance costs charged to the CIES are different from the finance costs chargeable in the year in accordance with statutory requirements	72
130	Difference between costs charged to CIES and costs chargeable under statutory requirements	88
(1,010)	Balance at 31 March	(922)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding them in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resource set aside to meet the costs. However, statutory arrangements require that benefits earned should only be recognised against the General Fund when the Council makes employer's contributions to the Pension Fund or pays any pension for which it is directly responsible.

The Pension Reserve includes a reduction to the asset ceiling adjustment of £51m in 2025-26 (£206m increase in 2024-25) as calculated by the Actuary (Hymans Robertson LLP), as the year end results showed a net asset in the pension scheme. Further information is provided in Note 43.

2024-25 £000	Pensions Reserve Movement	2025-26 £000
(14,495)	Balance at 1 April	(12,923)
201,040	Remeasurement of the net defined benefit liability	(66,730)
	Reversal of items Charged to CIES	
(28,482)	-Current Service Costs	(21,735)
2,124	- Past Service Costs, Settlements and Curtailments	1,181
(581)	- Net Interest Costs	(159)
0	Effect of business combinations and disposals	2,212
33,539	Actual Pension Contribs Charged to General Fund	35,239
(206,068)	Asset Ceiling Adjustment	51,396
(12,923)	Balance at 31 March	(11,519)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund from accruing for paid absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. The reserve represents accrued costs that have not been charged to the General Fund so it holds a deficit balance.

2024-25 £000	Accumulating Absences Adjustment Account	2025-26 £000
(8,570)	Balance at 1 April	(9,493)
(923)	Amount by which employee remuneration charged to the CIES on an accruals basis is different from remuneration chargeable to the General Fund	(367)
(9,493)	Balance at 31 March	(9,860)

Financial Instrument Revaluation Reserve

The Financial Instrument Revaluation Reserve comprises of changes in the fair value of investments held by the Council.

2024-25 £000	Financial Instrument Revaluation Reserve	2025-26 £000
(2,211)	Balance at 1 April	(1,793)
418	Upward revaluation of investments	469
0	Downward revaluation of investments	(3)
(1,793)	Balance at 31 March	(1,327)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account comprises two distinct balances which reflect timing differences between the recognition of Council Tax and Non-Domestic Rates income in the CIES as it falls due and the statutory arrangements that dictate when this funding can be paid across to the General Fund from the Collection Fund.

The level of income that can be passed from the Collection Fund to the General Fund each year is determined in advance of the financial year when the Council sets its budget for the year ahead. Any difference between the initial estimates and actual income lead to a surplus or deficit on the Collection Funds which can only be distributed to the General Fund in the following year. In the meantime, the balance is held on the Collection Fund adjustment account.

The movement on the reserve is as follows:

The reserve holds a deficit of £0.90m for Council Tax which will be repayable by the Council from 2026-27. This is a movement of £1.5m from last year's surplus and reflects the payment of £0.03m of the brought forward surplus and an in-year deficit (Council share) of £1.5m. The in-year deficit is largely the result of an increase in the cost of discounts and reduction in the collection of premiums.

The reserve holds a surplus of £10.6m for Non-Domestic Rates which will be available to the Council from 2026-27. This is a movement of £1.8m from last years surplus and reflects the payment of £6.1m of the brought forward surplus and an in-year surplus (Council share) of £7.9m. The in year surplus is the result of ratable value growth over the year, a significant reduction in the appeals provision and high collection rates.

2024-25			Collection Fund Adjustment Account	2025-26		
Council Tax £000	Non Domestic Rates £000	Total £000		Council Tax £000	Non Domestic Rates £000	Total £000
982	4,958	5,940	Balance at 1 April	597	8,856	9,453
(385)	3,898	3,513	Share of Collection Fund Surplus /(Deficit)	(1,538)	1,758	220
597	8,856	9,453	Balance at 31 March	(941)	10,614	9,673
(243,156)	(69,866)	(313,022)	Billed Income for in year activities	(260,448)	(75,031)	(335,479)
(5,160)	0	(5,160)	Council Tax Collected for Parish Precepts	(5,518)	0	(5,518)
(1,649)	(2,710)	(4,359)	CWaC Contribution to (Surplus)/Deficit	(34)	(6,150)	(6,184)
385	(3,898)	(3,513)	Actual Collection Fund (Surplus)/Deficit	1,538	(1,758)	(220)
(249,580)	(76,474)	(326,054)	Income in CIES	(264,462)	(82,939)	(347,401)
(385)	3,898	3,513	Less Actual Surplus/(Deficit)	(1,538)	1,758	220
(249,965)	(72,576)	(322,541)	Income Credited to General Fund	(266,000)	(81,181)	(347,181)

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account holds the accumulated deficits relating to the schools' budget. The Local Authorities (Capital Finance and Accounting) Regulations state that deficits on the schools budgets from 1 April 2020 to 31 March 2026 must be held in this adjustment accounts. Further information is provided in Note 34.

2024-25 £000	Dedicated School's Grant adjustment account	2025-26 £000
(7,481)	Balance at 1 April	(19,701)
(12,220)	School budget transferred from General Fund in accordance with statutory requirements	(20,723)
(19,701)	Balance at 31 March	(40,424)

27.Cash Flow Statement – Operating Activities

The Cash Flow Statement sets out the cash flows of the Council over the financial year, splitting these into operational, investing and financing activities. The following notes show details of the transactions that are included in or adjusted out of the Cash Flow Statement.

The following adjustments were removed from the net surplus or deficit on the provision of services (SDPS) as they relate to costs and income which does not reflect cash based transactions, they instead relate to notional costs or movements in working capital.

2024-25 £000	Adjustments to remove non-cash items from the SDPS	2025-26 £000
(60,586)	Depreciation and amortisation of non current assets	(55,655)
(28,583)	Impairments and downward valuations	(228)
14,466	Revaluation Gains on Investment Assets	2,892
112	Reduction in fair value of soft loans	72
6,600	Pension Fund Adjustments	16,738
0	Other non cash Financial Instrument adjustments	0
(11,662)	(Increase)/ Decrease in Provisions	(4,196)
53	Increase/(Decrease) in Inventories	53
(468)	Increase/(Decrease) in Debtors	9,041
3,960	(Increase)/Decrease in Creditors	(15,805)
(30,229)	Carrying value of assets which have been sold	(40,872)
(1,255)	Other non cash movements	(362)
(107,592)	Adjustments for Non Cash Items	(88,322)

The tables below identify those transactions which are recorded in the SDPS and are cash based but do not relate to operational activities. As such they are transferred to be shown under the investing or financing sections of the Cash Flow Statement.

2024-25 £000	Adjustments to remove Investing and Financing Activities from the SDPS	2025-26 £000
10,928	Proceeds from sale or disposal of non current assets	19,359
33,907	Capital grant income credited to SDPS	62,787
4,703	Income from Trading Operations	7,619
6,884	Other adjustments for financing activities	(258)
56,422	Net cash flows from investing/financing activities in SDPS	89,507

The figures shown in the Cash Flow Statement for operating activities do include the following amounts relating to interest and investment income.

2024-25 £000	Interest and Investment Income in Operating Activities	2025-26 £000
(8,237)	Interest received	(7,198)
12,084	Interest paid	11,693

28.Cash Flow Statement – Investing Activities

The following note sets out cash transactions the Council undertook in managing or restructuring its investments and asset portfolio.

2024-25 £000	Investing Activities	2025-26 £000
78,856	Purchase of property, plant and equipment, investment property and intangible assets	131,529
372,840	Purchase of short-term and long-term investments	465
0	Other payments for investing activities	
(10,928)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(19,359)
(379,921)	Proceeds from short-term and long-term investments	0
(41,414)	Capital grants received	(60,663)
(43,072)	Revenue grants received	(17,580)
(6,884)	Other receipts from investing activities	(7,619)
(30,523)	Net cash flows from investing activities	26,773

29. Cash Flow Statement – Financing Activities

The following note sets out cash transactions the Council undertook in managing or restructuring its borrowing and other long term liabilities.

2024-25 £000	Financing Activities	2025-26 £000
0	Cash receipts of short- and long-term borrowing	0
(8,444)	Other receipts from financing activities	(1,749)
8,646	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance	4,112
21,501	Repayments of short- and long-term borrowing	(3,855)
(4,703)	Other payments for financing activities	259
17,000	Net cash flows from financing activities	(1,233)

The following table shows the movement in liabilities that arise from financing activities.

1 April 2025	Reconciliation of Liabilities arising from Financing Activities	Non-cash changes		31 March 2026
		Financing	Other Non-	
225,421	Long term borrowing	(7,151)	0	218,270
8,727	Short term borrowing	11,006	(13)	19,720
7,166	Finance leases	(2,976)	4,967	9,157
29,142	On balance sheet PFI	127	(4,055)	25,214
531	Amounts owed to Cheshire East	0	118	649
270,987	Total Liabilities from Financing Activities	1,006	1,017	273,010

31 March 2025	Analysis of PFI Liabilities detailed below	31 March 2026
1,650	On balance sheet PFI liabilities - short term	1,777
27,492	On balance sheet PFI liabilities - long term	23,437
29,142	Total PFI Liabilities from Financing Activities	25,214

30. Agency Services

Cheshire West and Chester Council undertakes some activities on behalf of other bodies. Only those costs and balances that relate to the Council's own share are reflected in the CIES and Balance Sheet. During 2025-26, the Council acted as an agent in respect of the following:

Non-Domestic Rates Collection Fund

The Council collects Business Rates on behalf of central government, itself and Cheshire Fire Authority. This is distributed based on the following shares – central government (50%), Cheshire West and Chester Council (49%) and Cheshire Fire Authority (1%). The table below shows the balances on 31 March 2026 relating to each of these bodies.

2024-25 Collection Fund £000	Non-Domestic Rates Collection Fund – Balances at 31 March	2025-26 Collection Fund £000	CWAC £000	Central Government £000	Cheshire Fire £000
5,892	Arrears	8,443	4,137	4,222	84
(4,144)	Impairment Allowance	(5,184)	(2,540)	(2,592)	(52)
(41,724)	Appeals Provision	(38,247)	(18,741)	(19,124)	(382)
(4,842)	Receipts in Advance	(5,620)	(2,754)	(2,810)	(56)
(18,076)	(Surplus)/Deficit	(21,663)	(10,615)	(10,832)	(216)
0	Amount owing (to)/from other bodies	0	(31,758)	31,136	622

The total surplus of £21.7m is due to Ratable Value Growth over the year, a significant reduction in the appeals provision and high collection rates.

Council Tax Collection Fund

The Council collects Council Tax on behalf of itself, Cheshire Police Authority and Cheshire Fire Authority. This is distributed based on each body's share of the total Council Tax requirement, and in 2025-26 this was as follows – Cheshire West and Chester Council (84.45%), Cheshire Police Authority (11.58%), Cheshire Fire Authority (3.97%). The table below shows the balances on 31 March 2026 relating to each of these bodies.

2024-25 Collection Fund £000	Council Tax Collection Fund – Balances at 31 March	2025-26 Collection Fund £000	CWAC £000	Cheshire Police £000	Cheshire Fire £000
28,948	Arrears	32,175	27,120	3,776	1,279
(16,824)	Impairment Allowance	(18,135)	(15,286)	(2,128)	(721)
(7,198)	Receipts in Advance	(7,334)	(6,182)	(861)	(291)
(707)	(Surplus)/Deficit	1,117	943	130	44
0	Amount owing (to)/from other bodies	0	1,228	(917)	(311)

The deficit of £1.1m is largely due to an increase in discounts awarded and a reduction in premiums collectable.

Business Improvement Districts

The Council also collects income from a Business Rates levy in relation to five Business Improvement Districts (BIDs). The table below shows the amount of levy billed for in 2025-26, the amount paid to the BID management company, other transactions (write-offs, receipts in advance, outstanding arrears, any surplus or deficit brought forward from the previous year) and any cash balances yet to be paid to or owed by the management company.

2024-25 Net Debit £000	Business Improvement District	2025-26 Net Debit £000	Amount Paid £000	Other Transactions £000	Cash Balance Awaiting Payment £000
118	Winsford	122	(123)	20	19
243	Gadbrook Park	230	(204)	(2)	24
248	Northwich	294	(277)	14	31
435	CH1	490	(489)	46	47
108	West Chester	109	(106)	6	9
1,152	Total	1,245	(1,199)	84	130

Cheshire and Warrington Combined Authority

Cheshire and Warrington Combined Authority organisation officially became a legal entity on 24th February 2026. In 2025-26 Cheshire West and Chester Council acted as the Accountable Body for income received and expenditure incurred in relation to the set-up of the new Cheshire

and Warrington Combined Authority. Details of the income and expenditure are shown in the table below:

Cheshire & Warrington Combined Authority - Income & Expenditure 2025-26	2025-26 £000
Income	
Capacity Grant	(3,000)
Spatial Development Strategy Grant	(416)
LGA Grant	(25)
Enterprise Cheshire & Warrington	(250)
Total Funding	(3,691)
Expenditure	
Set-up Costs	992
Total Expenditure	992
Total	(2,699)
Funding C/Fwd to 2026/27	
Capacity Grant	(2,283)
Spatial Development Strategy Grant	(416)
Total	(2,699)

31.Members' Allowances

In accordance with the Local Authorities (Members' Allowances) Regulations 2003, the total amount spent on members' allowances in 2025-26 was £1.451m. The payments include basic allowance, special responsibility allowance, travel and accommodation expenses and members NI costs. The current level of allowances was established following an independent review.

2024-25 £000		2025-26 £000
1,006	Basic Allowance	1,005
268	Special Responsibility Allowance	291
13	Travel and Accommodation expenses	12
90	Member NI	143
1,377	Total Members' Allowances	1,451

32.Officers' Remuneration

The table below shows the number of employees (excluding Senior Officers) who were paid more than £50,000 but less than £149,999 in 2025-26.

Pay includes salary costs, taxable travel costs and any redundancy payments. It does not include employers' pension or national insurance contributions.

2024-25	Employee Pay Band	2025-26
297	£50,000 - £54,999	377
195	£55,000 - £59,999	219
155	£60,000 - £64,999	203
75	£65,000 - £69,999	64
44	£70,000 - £74,999	76
46	£75,000 - £79,999	43
34	£80,000 - £84,999	32
13	£85,000 - £89,999	24
5	£90,000 - £94,999	19
3	£95,000 - £99,999	3
4	£100,000 - £104,999	1
1	£105,000 - £109,999	5
0	£110,000 - £114,999	2
1	£115,000 - £119,999	0
2	£120,000 - £124,999	2
0	£125,000 - £129,999	2
1	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	2
0	£145,000 - £149,999	0

The split by non-teachers and teachers is shown in the table below.

2024-25			Employee Pay Band	2025-26		
Non Teachers	Teachers	TOTAL		Non-Teachers	Teachers	TOTAL
118	179	297	£50,000 - £54,999	132	245	377
68	127	195	£55,000 - £59,999	78	141	219
102	53	155	£60,000 - £64,999	123	80	203
35	40	75	£65,000 - £69,999	26	38	64
15	29	44	£70,000 - £74,999	38	38	76
19	27	46	£75,000 - £79,999	19	24	43
17	17	34	£80,000 - £84,999	10	22	32
5	8	13	£85,000 - £89,999	13	11	24
0	5	5	£90,000 - £94,999	8	11	19
0	3	3	£95,000 - £99,999	0	3	3
0	4	4	£100,000 - £104,999	0	1	1
0	1	1	£105,000 - £109,999	0	5	5
0	0	0	£110,000 - £114,999	0	2	2
1	0	1	£115,000 - £119,999	0	0	0
0	2	2	£120,000 - £124,999	0	2	2
0	0	0	£125,000 - £129,999	0	2	2
0	1	1	£130,000 - £134,999	0	0	0
0	0	0	£135,000 - £139,999	0	0	0
0	0	0	£140,000 - £144,999	0	2	2
0	0	0	£145,000 - £149,999	0	0	0
380	496	876	Total	447	627	1,074

The numbers have increased from last financial year however, this difference is predominantly due to 245 employees (76 non-teachers and 169 teachers) moving into the £50-£55k banding following the 2025-26 pay award.

In accordance with the Accounts and Audit Regulations 2015, there is a legal requirement to report the remuneration of certain senior employees:

- Senior employees whose salary is £150,000 or more per year must be identified by name.
- Senior employees who meet the regulation's definition, appear on the senior management structure and whose salary is between £50,000 and £150,000 must be listed by job title.

The following tables below show the remuneration for senior officers per annum. The Salary, Fees & Allowances include salary costs and taxable travel costs.

Post holder information (Post title)	Salary, Fees & Allowances	Compensation for Loss of Employment	Employer Pension Contributions	Total Remuneration including Pension Contributions 2025-26
	£	£	£	£
2025-26 Current structure:				
Delyth Curtis - Chief Executive	192,627	0	38,388	231,015
Chief Operating Officer	149,661	0	29,932	179,593
Executive Director of Adults Services	134,356	0	26,871	161,227
Executive Director of Place & Growth	134,356	0	26,871	161,227
Executive Director of Children and Families	134,461	0	25,107	159,568
Director of Economy and Housing	125,431	0	25,086	150,517
Director of Transport and Highways	125,431	0	25,086	150,517
Assistant Chief Executive - Director of Transformation and Strategy	121,254	0	23,786	145,040
Director of Governance - Monitoring Officer	114,463	0	22,893	137,356
Director of Vivo Care Choices	114,463	0	22,893	137,356
Director of Finance	114,463	0	22,466	136,929
Director of Environment and Communities	111,871	0	21,859	133,730
Director of Public Health	110,254	0	15,585	125,839
Director of Education & Inclusion (from Jun-25)	92,524	0	18,117	110,641
Total	1,775,615	0	344,940	2,120,555
Number of posts in management structure as at 31 March 2026 - 14				
Total contractual value of salary for the year - £1.78m				

There has been one change in Senior Officer personnel in 2025-26 following a re-structure within the Children and Families Directorate:

- The Director of Education & Inclusion was appointed in June 2025.

In addition to the costs shown in the table above, the Chief Executive has also received payments for undertaking the duties of Returning Officer for two Borough by-election wards.

The payments relating to these roles was £3,950 and is funded by Cheshire West & Chester Council.

Post holder information (Post title)	Salary, Fees & Allowances	Compensation for Loss of Employment	Employer Pension Contributions	Total Remuneration including Pension Contributions 2024-25
	£	£	£	£
2024-25 Current structure:				
Delyth Curtis - Chief Executive	186,964	0	37,358	224,322
Chief Operating Officer	138,099	0	27,620	165,719
Executive Director of Adults Services	128,215	0	25,643	153,858
Assistant Chief Executive - Director of Transformation and Strategy (to July-24)	35,923	0	7,039	42,962
Assistant Chief Executive - Director of Transformation and Strategy (from Oct-24)	58,853	0	11,771	70,624
Deputy Chief Executive - Place (to Apr-24)	5,507	89,983	1,101	96,591
Executive Director of Place & Growth (from Oct-24)	69,628	0	13,926	83,554
Executive Director of Children and Families (from Jan-25)	30,408	0	5,641	36,049
Executive Director of Children and Families (to Nov-24)	75,807	0	15,123	90,930
Director of Children's Social Care (to Oct-24)	52,282	0	10,456	62,738
Director of Economy and Housing	120,943	0	24,189	145,132
Director of Environment and Communities	106,356	0	20,768	127,124
Director of Finance	110,914	0	21,767	132,681
Director of Governance - Monitoring Officer	110,914	0	22,183	133,097
Director of Public Health	103,136	0	14,674	117,810
Director of Transport and Highways	120,943	0	23,856	144,799
Director of Vivo Care Choices	110,914	0	22,183	133,097
Total	1,565,806	89,983	305,298	1,961,087
Number of posts in management structure as at 31 March 2025 - 13				
Total contractual value of salary for the year - £1.57m				

Termination Costs

The number of exit packages and total cost of compulsory and other redundancies are set out in the table below.

Exit package cost band (incl special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2025-26 People	2024-25 Restated People	2025-26 People	2024-25 Restated People	2025-26 People	2024-25 Restated People	2025-26 £000	2024-25 Restated £000
£0 - £20,000	6	7	16	6	22	13	150	67
£20,001 - £40,000	1	3	6	3	7	6	206	170
£40,001 - £60,000	0	0	4	2	4	2	189	97
£60,001 - £80,000	0	0	0	1	0	1	0	62
£80,001 - £100,000	0	0	0	1	0	1	0	90
£100,001 - £150,000	0	0	0	2	0	2	0	256
£150,001 - £200,000	0	0	1	1	1	1	152	183
£200,001 - £250,000	0	0	0	0	0	0	0	0
Total	7	10	27	16	34	26	697	925

33.Audit Costs

The Council's appointed auditors are Grant Thornton and the Council paid audit fees of £449k in 2025-26 relating to external audit activities. KPMG is responsible for certification of grant claims and the Council paid audit fees of £43k in 2025-26 relating to the Housing Benefit Subsidy claim, Teachers Pension Certificate and Housing Receipts Capital Pooling.

Restated 2024-25 £000	Fees Payable for Audit Work	2025-26 £000
447	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	449
58	Fees payable in respect of certification of grant claims and other services	43
505	Total	492

34. Dedicated Schools Grant

The primary source of funding for schools is provided by the Education and Skills Funding Agency via the Dedicated Schools Grant which was allocated at £409.470m in 2025-26. This initial allocation is reduced by £142.471m as funding relating to academies and high needs provisions not maintained by the Local Authority is passed directly to those establishments and is not reflected in the accounts.

The Schools Budget includes elements for a restricted range of services provided on a Council wide basis, and for the Individual Schools Budget (ISB), which is divided into a budget share for each school. Over and under spending on the two elements are required to be accounted for separately. The Council is also able to supplement the Schools Budget from its own resources.

These accounts have been produced in accordance with the Schools and Early Years Finance (England) Regulations 2020, which required local authorities to carry forward overspends of Dedicated School Grant (DSG). Further regulations which came into force on 29 November 2020 which mandate that any deficit must not be charged to the local authorities' revenue account but instead must be recorded in a separate unusable reserve solely for the purposes of recording deficits relating to its schools' budget.

These regulations also mean that the use of funding from the revenue account to make good any deficit can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income.

These regulations were extended on 20 June 2025. The statutory instrument, which prevents the deficit from being offset against useable reserves, now expires on 31 March 2028.

As of 31 March 2026, cumulative DSG deficit is £40.424m.

The Government is progressing a programme of SEND reform aimed at improving outcomes for children and young people through earlier intervention, clearer national standards, and a more consistent system of support across education, health and care. A Schools White Paper was published on 23 February 2026 which includes plans to introduce National Inclusion Standards, new Individual Support Plans, and meeting children and young people's education needs within mainstream schools.

Alongside these reforms, the Government announced a High Needs Stability Grant on 23 February 2026 as part of the 2026 Local Government Finance Settlement to support councils with accumulated DSG deficits. This funding will cover up to ninety per cent of high needs related DSG deficits accrued up to the end of the 2025-26 financial year, with payment conditional on approval by the Department for Education of the Local Authority's Local SEND Reform Plan.

Details of the deployment of DSG receivable for the year 2025-26 were as follows:

DSG for 2025-26	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2025-26 before academy and high needs recoupment			409,470
Academy and high needs figure recouped for 2025-26			(142,471)
Total DSG for 2025-26 (after Academy and high needs recoupment)			266,999
Agreed initial budgeted distribution in 2025-26	56,127	210,872	266,999
In year adjustments	180	(180)	0
Final budgeted distribution for 2025-26	56,307	210,692	266,999
Less: Actual Central Expenditure	(77,030)	0	(77,030)
Less: Actual ISB deployed to Schools	0	(210,692)	(210,692)
Carry Forward 2025-26	(20,723)	0	(20,723)
Brought forward from 2024-25			(19,701)
Total of DSG Unusable reserve at the end of 2025-26			(40,424)

Overspends on central expenditure are carried forward by the Council as part of its Unusable Reserves, this amount equated to a deficit of £20.723m (£12.220m in 2024-25) as at the end of 2025-26.

Unspent Individual Schools Budgets (ISB) are retained by the individual schools and recorded on the Balance Sheet in the School Balances reserve at £7.236m at 31 March 2026 (£9.391m 31 March 2025).

DSG for 2024-25	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2024-25 before academy and high needs recoupment			365,942
Academy and high needs figure recouped for 2024-25			(123,922)
Total DSG for 2024-25 (after Academy and high needs recoupment)			242,020
Agreed initial budgeted distribution in 2024-25	48,075	193,945	242,020
In year adjustments	86	(86)	0
Final budgeted distribution for 2024-25	48,161	193,859	242,020
Less: Actual Central Expenditure	(60,381)	0	(60,381)
Less: Actual ISB deployed to Schools	0	(193,859)	(193,859)
Carry Forward 2024-25	(12,220)	0	(12,220)
Brought forward from 2023-24			(7,481)
Total of DSG Unusable reserve at the end of 2024-25			(19,701)

35. Grant Income

The following grants, contributions and donations were credited to the CIES in 2025-26.

2024-25 £000	Grant income	2025-26 £000
	Credited to Taxation and Non Specific Grant Income	
	Used to finance Council activities in year	
	Non Specific Grant Income:	
23,664	S31 Non Domestic Rates Grant Funding	24,818
4,470	Revenue Support Grant	5,166
3,073	PFI Grant	3,073
2,803	New Homes Bonus	1,215
825	Housing and Council Tax Benefit Administration Subsidies	799
370	Services Grant	0
305	Homes for Ukraine - guest tariff	177
0	Extended Producer Responsibility for Packaging	8,151
1,380	Other Core Revenue Grants	4,497
	Used to finance Capital Expenditure	
24,904	Capital Grants Utilised in Year	46,796
5,252	Capital Contributions Utilised in Year	14,536
	Set aside for future Capital Financing	
3,751	Capital Grants Set Aside for Future Usage	1,455
70,797	Total	110,683
	Credited to Services	
241,321	Dedicated Schools Grant (DSG)	264,405
8,925	Pupil Premium Grant	8,635
6,932	Teacher's Pay and Pension Grants	2,992
5,727	Sixth Forms Funding (Young Peoples Learning Agency)	5,974
3,869	Core Schools Budget Grant	4,123
2,805	Universal Infant Free School Meals	2,567
1,621	PE and Sports Grant	1,395
1,309	Adult and Community Learning	1,307
50,911	Mersey Forest Grants	52,359
18,292	Public Health Grant	19,289
40,617	Improved Better Care Fund/Adult Social Care Support Grant	45,015
6,419	Market Sustainability and Fair Cost of Care	6,419
4,590	Household Support Fund	4,036
4,221	Disabled Facilities Grant	4,898
2,341	Homelessness Prevention and Rough Sleepers Grants	2,240
2,354	Unaccompanied Asylum Seeking Children	2,473
1,898	Afghan Relocation and Assistance	895
510	Homes for Ukraine	729
6,635	Housing Benefit: Mandatory and HRA Rebates	4,455
52,108	Housing Benefit: Mandatory Rent Allowances	45,172
7,664	UK Shared Prosperity Fund	3,048
4,461	Bus Service Improvement Plan	3,176
16,461	Other Grants	19,093
491,991	Total	504,695

The Council has received several grants, contributions and donations that have yet to be recognised as income as they still have conditions attached. If these conditions remain unmet, this may require the monies or property to be returned. The balances at year-end are as follows:

2024-25 £000	Capital Grants and Contributions Receipts in Advance	2025-26 £000
	Short Term	
4,033	Other Grants	1,038
814	Education Related Grants	1,821
1,440	Transport Funding	7,793
8,461	s106 and other Contributions short-term	5,458
14,748		16,110
	Long Term	
12,648	Education Related Grants	12,915
2,352	Transport Funding	316
23,910	s106 and other Contributions long-term	22,192
38,910		35,423
53,658	Total	51,533

2024-25 £000	Revenue Grants Receipts in Advance	2025-26 £000
1,242	Dept of Education - Various	564
0	Ministry of Housing Communities and Local Government	1,265
184	Dept of Health - Various	267
101,267	Dept for Environment Food and Rural Affairs	118,529
1,365	Other Govt Bodies	1,012
104,058	Total	121,637

36. Related Party Transactions and Interest in Companies

The Council is required to disclose related party relationships that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these interests allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include:

- Central Government
- Elected Members of the Council
- Senior Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a significant proportion of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits).

Details of material transactions with Central Government are shown throughout these notes and include those listed below (2024-25 comparators in brackets).

Funding from Government (Note 35)	£615m (£563m)
Non-Domestic Rates Share Payable Collection Fund	£82.8m (£74m)
Non-Domestic rates tariff and levy payments	£23.7m (£21.7m)

The Council undertakes significant transactions with Cheshire Police Authority and Cheshire Fire Authority. These relate to the payment of Council Tax income collected on behalf of both bodies and Non-Domestic Rates collected on behalf of Cheshire Fire Authority. These transactions are disclosed in the Collection Fund account and amount to payments of £36.5m (Police) and £12.5m (Fire) in respect of Council Tax precepts and shares of a prior year surplus and £1.7m (Fire) in respect of its share of Non-Domestic Rates income and shares of a prior year surplus.

Other Public Bodies

The Pension Fund is administered and governed independently of the Council to avoid the potential for undue influence to be exerted. The Council undertakes transactions with the Pension Fund in the form of contributions to fund future pension payments of Council employees, valued at £33.7m (2024-25 £31.9m). As the Council is the administering authority of the Cheshire Pension Fund, the Council makes payments on behalf of the fund throughout the year. The amount due to the Council or the fund each month is paid via an intercompany cross balance payment. At the year-end 31 March 2026, the amount due from the pension fund to the Council was £91k (2024-25 £193.1k). Monthly contributions were also due to the fund as at 31 March 2026 of £3.8m (2024-25 £3.6m). The contributions related to March 2026, paid April 2026.

The Cheshire Pension Fund is a shareholder of an arm's length company, LGPS Central Ltd, along with seven other Local Government Pension Funds as an equal partner to manage their investment assets.

The Council holds stakes in a number of organisations who are funded to provide services. The Council has significant influence over all of these organisations as they receive funding from the Council. The Council has governance responsibilities and Members, or officers, occupy seats on their boards. Further details on these relationships are disclosed in this note.

The Council works closely in partnership with local health care commissioners, principally through Integrated Care Boards. These bodies fund a number of services provided by the Council on behalf of the health sector where health, care and education needs coincide. In 2025-26 this figure was £22.6m (2024-25 £21m).

Entities controlled or significantly influenced by the Council

Alongside the individually significant relationships, the Council works with a wide range of charitable and voluntary bodies in areas complementary to the Council's objectives. The contributions can be either a direct financial payment or non-financial contribution to support the running of the body. The Council also commits staff time and support when working with its partners and, in certain cases, is represented at officer or member level in strategic decision making. On review of these payments the Council does not feel that any undue influence has been exerted to these organisations as a result of the contributions made. The total direct financial contributions to such organisations for 2025-26 amounted to £6.8m (2024-25 £5.6m).

Elected Members of the Council and Officers

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2025-26 is shown in Note 31.

During 2025-26 there were no reported material transactions with related parties advised by members or Chief Officers (Senior Management Team).

The following Members and Officers of the Council held interests in the following organisations, which had transactions with the Council during 2025-26:

Organisation	Member/Officer
Active Cheshire	Cllr Waterman
Adult Education Governance Board	Cllr Gibbon
Age UK (Cheshire)	Cllr Wright
Bee friends Frodsham	Cllr Garvey
Caldy Valley Church & Neighbourhood Centre	Cllr Collings
Changing Lives Together	Cllr Edwards Cllr Waterman
Cheshire & Merseyside Healthcare Partnership	Cllr Gittins
Cheshire & Wirral Partnership NHS Foundation Trust	Cllr Garvey
Cheshire College South & West	Officer G Davies
Cheshire Fire Authority	Cllr Akhtar Cllr Collings Cllr Daniels Cllr Gibbon Cllr Lewis Cllr Parker, M Cllr Wheeler
Cheshire Police & Crime Panel	Cllr Millar
Cheshire West Voluntary Action	Officer A Jeffs
Chester Bluecoat Charity	Cllr Chamberlain
Countess of Chester NHS Foundation Trust	Cllr Gahan
Darnhall Exhibition	Cllr Boone
Hooton Village Memorial Hall Charity	Cllr Roberts
Lion Salt Works Trust	Cllr Naylor
Malpas Victoria Jubilee Hall	Cllr Williams, R
Manchester Port Health Authority	Cllr Marr Cllr Neil
Mickle Trafford Village Hall Trust	Cllr Parker, S
Mid Cheshire Hospitals Trust	Cllr Naylor Cllr Edwards
Neston Community Youth Centre Ltd	Cllr Barker
Neston High School (Academy)	Cllr Gittins
The Neuromuscular Centre (MNC)	Officer A Jeffs
Pantry for Blacon (Blacon Beacon)	Cllr Gahan Cllr Little
Queens School	Cllr Daniels
Rudheath Primary Academy	Cllr Waterman
Rudheath Senior Academy Governing Body	Cllr Naylor
Sanctuary Group Chester and District Committee	Cllr Little Cllr Smith
St Mary's Church Weaverham	Cllr Edwards
Sir John Deane's Foundation	Cllr Neil
Tarvin Community Centre	Cllr Lush
Tattenhall Community Association	Cllr Jones
The Heath Youth Club	Cllr Carter Cllr Walker
The Hive Cheshire CIC	Cllr Garvey
The Mayor of Chester's Charity Fund	Cllr Akhtar Cllr Eardley Cllr Parker, M
Transport for the North	Cllr Gittins Cllr Shore Cllr Walker
Warrington and Vale Royal College Board	Cllr Naylor
Weaverham Community Association	Cllr Edwards
Weaverham High School Academy (Sandstone Trust)	Cllr Edwards
Weaverham Primary Academy	Cllr Edwards
Westminster Families Community Group	Cllr Denson
Winsford Sea Cadets Winsford Town	Cllr Beveridge, Martin
Winsford Youth & Community Forum (New Images)	Cllr Blackmore

The following Members and Officers of the Council held interests in the following organisations, which had transactions with the Council during 2025-26 in which the Council also has an interest:

Organisation	Member/Officer
Avenue Services (NW) Ltd	Cllr Little Cllr Parker, M Cllr Smith
Cheshire West Recycling HQ Management Company Limited	Cllr Shore Officer T Dodd Officer G Hayward
Cowest Services Limited (Qwest) Edsential CIC	Officer C Matthews Officer S Thirlway

In accordance with Section 117 of the Local Government and Finance Act 1972, all Senior Officers of the Council have been asked to declare any interests in other bodies with whom the Council may have dealings. There were no significant 'pecuniary interests' identified during 2025-26.

Interest in Companies

Following a review of the Council's relationships with various organisations in whom it has a stake hold, it has been determined that the activities of some of these entities should be reported alongside the Council's in the Group Accounts. Those organisations to be included within Group Accounts are Brio Leisure, Edsential CIC, Cheshire West Recycling and Enterprise Cheshire and Warrington. Information is included below on these entities and any others the Council has a material interest in.

On 1 April 2025 the Council's ten-year service contract with Qwest came to an end, at that point some services were transferred to a new provider and others came back in-house. Qwest, which is partially owned by the Council, ceased trading at that point.

Outstanding amounts relating to loans advanced to companies (Enterprise Cheshire and Warrington and Edsential CIC) are reported in Note 46 (Risk Arising from Financial Instruments).

2025-26 Statement of Accounts

Interest in Companies 2025-26	Details of Arrangement	2025-26						
		Total Assets	Total Liabilities	Total Equity	Turnover	Operating Profit/ (Loss)	Actuarial gains/ (losses)	Total Profit/ (Loss) for the year
		£000	£000	£000	£000	£000	£000	£000
Associates								
Enterprise Cheshire and Warrington	The functions of the Cheshire and Warrington Local Enterprise Partnership were transferred to Local Authority control on the 9 May 2024 and the company name changed to Enterprise Cheshire and Warrington. Enterprise Cheshire and Warrington is jointly owned by Cheshire West and Chester, Cheshire East and Warrington Council. During the year the Council had income with Enterprise Cheshire and Warrington totalling £0.086m and expenditure of £0.098m. Included in the Council's accounts was £0.052m of trade debtors and nil trade creditors.	11,675	(3,193)	8,482	4,412	(791)	0	(791)
	2024-25	19,989	(11,409)	8,580	5,813	499	0	187
Subsidiaries								
Brio Leisure Community Interest Company	Brio Leisure is the trading name of the Cheshire West and Chester Leisure Community Interest Company (CIC) which was formally incorporated on 16 March 2011. The CIC is a wholly owned subsidiary of the Authority and has responsibility for managing a number of leisure and entertainment venues across the borough. As a not for profit social enterprise company, its purpose is to provide a range of leisure activities for the benefit of the community. The company has a contract to provide services to the Council until March 2030. At 31st March 2026 Brio Leisure had a £9.0m pension surplus (24-25 £9.3m pension surplus). The decrease is largely reflective of changes to the financial assumptions used to calculate future pension obligations. The Council is guarantor for any future pension liability, in the event that the company ceases trading. During the year the Council had expenditure with Brio totalling £17.3m and income totalling £2.8m. Included in the Council's accounts was £1.7m of trade debtors and £0.03m of trade creditors.	4,493	(4,146)	347	17,120	258	(1,359)	391
	2024-25	2,734	(2,654)	80	13,758	(326)	4,037	(293)
Cheshire West Recycling	Cheshire West Recycling Limited was incorporated on 12th October 2019 and started to operate in March 2020. CWR is a wholly owned subsidiary of the Council and its primary role is to provide a domestic waste collection service for more than 140,000 households across the borough. The company provides these services under a contract from the Council that runs until March 2036. The accounts include a £1.6m pension surplus (24-25 £2.4m surplus). The decrease is largely reflective of changes to the financial assumptions used to calculate future pension obligations. The Council is guarantor for any future pension liability, in the event that the company ceases trading. During the year the Council had expenditure with CWR totalling £16.3m and received income totalling £1.1m. Included in the Council's accounts was £0.65m of trade debtors and £0.1m of trade creditors.	3,940	(3,755)	185	(18,686)	83	(885)	107
	2024-25	3,782	(3,672)	110	17,890	150	555	174
Joint Venture								
CoWest Services Limited (Qwest)	On 1 April 2025 the Council's ten-year service contract with Qwest came to an end, at that point some services were transferred to a new provider and others came back in-house. Qwest, which is partially owned by the Council, ceased trading at that point.	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2024-25	5,019	(2,174)	2,845	17,424	581	5,159	748
Edsential CIC	Edsential CIC is a Community Interest Company jointly owned with Wirral Borough Council, both councils have a 50% share. The company has been set up to provide a 'one stop shop' approach for schools to buy services such as music services, outdoor education, governor services, catering, cleaning, school development and learning outside the classroom. The CIC has a £11.3m pension surplus (24-25 surplus of £10.1m). £7.4m in relation to Cheshire Pension Fund. The improved position is largely reflective of changes to the financial assumptions used to calculate future pension obligations. The Council is guarantor for any future Cheshire pensions liability, in the event that the company ceases trading. During the year the Council had expenditure with Edsential totalling £6.5m and income totalling £0.5m. Included within the Council's accounts is £0.8m of trade debtors and £0.3m of trade creditors.	6,140	(9,067)	(2,927)	19,563	(593)	75	(593)
	2024-25	5,328	(7,661)	(2,333)	19,138	4	5,296	4

The following items are not consolidated into the accounts for reasons stated and are included here for completeness.

Avenue Services

The company has been operational since 1 April 2012 providing services and facilities for the benefit of residents of Blacon and the wider community. The company is jointly owned by the Council (49%) and CDHT (51%) (under the banner of Sanctuary Housing). Avenue Services has been excluded from the group accounts as their activities do not have a material impact on the Council's accounts. In 2025-26 turnover was £0.001m and net assets £0.3m (£2.4m turnover and £0.3m assets 2024-25).

Local Capital Finance Company

The Council is a shareholder in the United Kingdom Municipal Bond Agency (UKMBA), a publicly listed company, which has been formed to raise capital through the sale of bonds. The money raised from issuing bonds to investors will be lent onwards to councils to either invest in capital projects or to refinance existing loans. This provides diversity of funding sources for local authorities and will potentially allow councils to borrow at a lower cost than is currently the case through the Public Works Loans Board (PWLb).

The Council subscribed for £350,000 worth of ordinary shares in UKMBA in 2014-15. The total investment from all Council's totalled £6m. The company has received a letter of comfort from the Local Government Association that sets out ongoing financial and operational support for a period of 10 years from January 2018. The UKMBA made a statement to its shareholders 2025-26 that in the absence of demand for new loans it would move to reduced trading and close to new business.

Northwest Evergreen Limited Partnership

Fifteen local authorities in the North West of England are limited partners in the fund known as North West Evergreen Fund Partnership. This fund was set up to make loans to commercial property ventures in the Northwest to aid regeneration in the region.

The Council is one of six Councils that form the County Area Partners who together have 50% of the voting rights on the board. As a limited partner, the Council provides a capital contribution of £1 to the Fund but in order to enjoy limited liability as a limited partner, the Authority cannot participate in the management of the Fund's business.

No interest is due from the Fund to the limited partners on any capital contributions, nor on any net income or capital gain allocated to the partners for distribution. The Fund uses the finance made available to it, under an operational agreement made between it and the European Investment Bank, for eligible projects in the region.

The life of the Fund is twenty years. In entering into the partnership agreement, the Council has committed to pay an annual contribution for twenty years. Capital liability of the Limited Partners for any of the Fund's debts, liabilities or obligations is limited to the amount of their respective Capital Contributions. The General Partner has unlimited liability for the debts, liabilities and obligations of the Fund.

In joining the partnership as a County Area Limited Partner the Authority is expected to advance annually to the Fund (as a loan) an index-linked amount equal to £250k divided by the number of

County Area Limited Partners, to meet the ongoing expenses of the fund (Cheshire West and Chester holding is £42k). For 2025-26 no payment was required (£nil in 2024-25). As a minority General Partner, CW&C is not required to include the financial activities of Evergreen in its group accounts.

PSP Cheshire West and Chester LLP

A joint venture with PSP Facilitating Limited has been created to assist the Council to access wider funding sources and take advantage of ad-hoc development opportunities. Whilst the Council has equal control of PSP Cheshire West and Chester LLP the current level of financial activity is not sufficient to have a material impact on the Council's 2025-26 group accounts. Turnover can vary significantly from year to year depending on the timing of disposals. In 2025-26 turnover was nil and the company had immaterial net assets (£nil turnover and £3.6m assets 2024-25).

The company has a net outstanding loan of £1.1m from the council which will be repaid on the disposal of the Winsford employment site. The wind up of the company will also be linked to the completion of the development of this site, which is expected to be within the next 24 months.

HQ Management Company Limited

The Council holds a 50% interest in HQ Management Company Limited. The company continues to be dormant. The company holds no material assets.

ENTEPE Properties Limited

ENTEPE Properties was established in 1983 with the Council holding a minority shareholding limited by guarantee. The Council leases land off Rother Drive in Ellesmere Port to ENTEPE Properties on a 25 year lease which commenced in December 1996 with an option to extend for a further 25 years, the lease extension is currently being arranged and will run to December 2046. The company has net assets of £1.85m as at 31st March 2026.

LGPS Central Limited

LGPS Central was created in 2017-18 to manage the investment funds of several local government pension schemes across the Midlands and North West, this included the funds of the Cheshire Pension Fund. CWAC is the administering authority of the fund and therefore hold a shareholding in the company. The pooled arrangements for the management of the pension fund assets took effect from the 3rd April 2018. The Council is an associate of this company with a 12.5% holding.

Cheshire & Warrington Combined Authority (C&WCA)

During 2025-26, the Council acted as the Accountable Body for the C&WCA. Details of income received and expenditure incurred on behalf of Combined Authority can be found in Note 30 – Agency Services. During 2025-26, £0.289m of income (2024-25: nil) was received by the Council from C&WCA, in respect of the re-imbusement of set-up costs incurred on its behalf.

37. Better Care Fund

The Better Care Fund (BCF) is a national initiative led by NHS (England) which was launched on 1st April 2015. The BCF seeks to support both social care and health service integration, and deliver improved outcomes for patients, service users, and carers. In 2025-26 Cheshire West and Chester BCF agreed to contribute funding of £54.548m through a pooled budget. This is held by each Commissioning Partner; Cheshire West and Chester Council, and NHS Cheshire and Merseyside Integrated Care Board (ICB).

The below table outlines the breakdown of the planned funding for each authority in year held under the BCF.

Scheme	Cheshire West and Chester Council £000	NHS Cheshire and Merseyside ICB £000	Total £000
Planned Funding			
NHS minimum contribution to the BCF	12,573	19,795	32,368
Improved Better Care Fund (iBCF)	10,825	0	10,825
Disabled Facilities Grant (DFG)	4,898	0	4,898
ASC Discharge Funding*	2,673	3,046	5,719
Place Funding	533	205	738
Total Planned Funding	31,502	23,046	54,548

* The ASC Discharge Funding is made up of direct grants of £2.530m to the Local Authority and £3.189m to NHS Cheshire and Merseyside ICB but agreed that the total value will be pooled and managed through the BCF. The Local Authority therefore received and spent £2.673m and NHS Cheshire and Merseyside ICB £3.046m in 2025-26.

BCF Funding in 2025-26 was utilised to deliver several schemes which aim to improve outcomes across a range of national conditions. These include managing avoidable admissions, reducing length of stay, discharge to normal place of residence, reducing residential care admissions, and improving the effectiveness of reablement. The use of the funding is consistent and in line with the aims and visions set out in the BCF narrative for 2025-26.

The local BCF pooled budget is underpinned by a Section 75 agreement. Under IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements, all partners agree that they have joint control of the allocation of resources. As part of this agreement partners in the main are responsible for the risks associated with schemes for which they are the commissioning partner. As the reporting partner for the BCF, the Council collates and reports the overall position to its partners. Planned and actual expenditure for 2025-26 is shown below.

BCF Funding 2025-26	Cheshire West and Chester Council		NHS Cheshire and Merseyside ICB		Total	
	Plan £000	Actual £000	Plan £000	Actual £000	Plan £000	Actual £000
BCF Funding B/Fwd from 2024-25	0	(1,106)	0	0	0	(1,106)
Income	(31,502)	(31,502)	(23,046)	(23,046)	(54,548)	(54,548)
Expenditure	31,502	32,608	23,046	23,046	54,548	55,654
Total	0	0	0	0	0	0
BCF Funding C/Fwd to 2026-27	0	0	0	0	0	0

BCF Funding 2024-25 - Restated	Cheshire West and Chester Council		NHS Cheshire and Merseyside ICB		Total	
	Plan £000	Actual £000	Plan £000	Actual £000	Plan £000	Actual £000
BCF Funding B/Fwd from 2023-24	0	(702)	0	0	0	(702)
Income	(31,258)	(31,258)	(22,493)	(22,493)	(53,751)	(53,751)
Expenditure	31,258	30,854	22,493	22,493	53,751	53,347
Total	0	(1,106)	0	0	0	(1,106)
BCF Funding C/Fwd to 2025-26	0	(1,106)	0	0	0	(1,106)

It should be noted that overall the BCF planned expenditure linked to the Council's element of the Minimum NHS contribution, iBCF and ASC Discharge Funding (£26.071m) overspent by £1.591m (£27.662m) which is not reflected in the table above. This overspend is shown within the Council's Statement of Accounts.

The NHS also reported an overspend in year (£0.245m) associated with the NHS minimum contribution, which was funded by core NHS budgets, outside of the BCF.

Funding of £1.106m brought forward from the previous year was also available to spend in 2025-26 (combination of funding for specific ASC projects and the DFG), of which, DFG (£0.762m) was fully utilised as well as £0.263m of Council resources (not included in the above tables). The remaining brought forward value, associated with specific ASC projects (£0.344m) was also fully utilised in 2025-26.

The Council does not act as the lead commissioner for the BCF as a whole, but is lead commissioner of its own element, which is reported in the Council's Statement of Accounts.

38.Capital Expenditure and Financing

The Council's Capital Financing Requirement has increased by £16.9m in year as capital costs of £142.3m were higher than the funding set aside of £125.4m. The overall Capital Financing Requirement will be funded from a combination of future revenue contributions, capital receipts and external funding.

2024-25 £000		2025-26 £000
549,725	Opening Capital Financing Requirement	561,497
	Capital Investment	
	Expenditure on capital assets	
88,644	Property, plant and equipment	123,353
88	Heritage assets	279
3,324	Investment assets	954
3,183	Intangible assets	2,312
0	Assets Held for Sale	0
11,994	REFCUS - expenditure of a capital nature	15,319
8	Change in value of capital creditor	118
107,241	Total	142,335
	Sources of Finance	
(14,216)	Capital Receipts applied	(12,435)
(30,156)	Government grants and contributions applied	(61,332)
(5,548)	Transfer from unapplied grants and contributions	(3,716)
(758)	Revenue contributions	(575)
(183)	Income from repayment of capital debtors	(19)
(45)	Release of surplus capital creditors	(550)
(12,906)	Use of other Capital Reserves	(13,571)
(94)	IFRS16 Adjustment for donated assets	0
(24,526)	Revenue provision for debt repayment	(26,619)
(7,037)	REFCUS income	(6,640)
(95,469)	Total	(125,457)
561,497	Closing Capital Financing Requirement	578,375
	Explanations of Movement in Year	
(7,478)	Increase in underlying need to borrow (unsupported)	10,959
9,342	IFRS 16 Adjustment	0
9,526	Assets acquired under finance leases	5,516
382	Assets acquired / Disposed under PFI/PPP contracts	403
11,772	Increase in Capital Financing Requirement	16,878

39. Leases

Authority as Lessee

From 1 April 2024, the Council has adopted IFRS16 Leases in accordance with the transitional provisions in the Code for the adoption of IFRS16.

IFRS 16 removes the traditional distinction between Finance Leases and Operating Leases for Lessees. Prior to IFRS16, Finance Leases have historically been accounted for as acquisitions whereby the asset is shown on the balance sheet and a corresponding entry under long term liabilities, to reflect the payment for the asset acquired at the date that the asset was made available for use or as the IFRS16 transition date. In contrast, Operating Leases were shown as revenue items within the Comprehensive Income and Expenditure Statement and charged in the year they were paid with no requirement to reflect this in the Balance Sheet. IFRS16 requires all qualifying leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset in the Balance Sheet.

As part of the transition, the Council has utilised a practical expedient whereby decisions about whether contracts are or contains leases made before 1 April 2024 were not revisited. This is commonly known as 'grandfathering'.

Where the interest rate implicit in the lease is not identifiable, the Incremental Borrowing Rate (IBR) utilised on the implementation to IFRS16 is as follows:

Lease Term	IBR %
Up to 1 year	5.34
1 - 2 year	5.21
2 - 3 year	5.12
3 - 4 year	5.07
4 - 5 year	5.06

The effect of the transition on Lease Liabilities is as follows:

2024-25 £000		2025-26 £000
1,782	Opening Liability	7,166
8,562	Additional liability recognised on transition to IFRS16	0
1,136	New Liabilities recognised in year	5,516
(4,314)	Principal paid within year	(2,976)
0	Disposals	(549)
7,166	Total liabilities	9,157

These liabilities are payable over time as follows:

2024-25 £000		2025-26 £000
3,622	Less than one year	3,134
1,725	One to five years	4,967
1,819	More than five years	1,056
7,166	Total liabilities	9,157

There are two specific exemptions for lessees from applying the detailed accounting requirements to transactions that would meet the definition of a lease:

- Leases of Low Value Assets i.e. items which cost less than £10,000 when new.
- Short Term Leases i.e. Leases with a term of 12 months or less, or those ending within 12 months of the IFRS16 implementation date

Transactions under leases

Within the Comprehensive Income and Expenditure Statement, expenditure associated with right of use assets includes depreciation, impairments, interest and any changes in variable lease payments in year. Rent on low value exempt leases and short term exempt leases are expensed to the Comprehensive Income and Expenditure Statement.

2024-25 £000		2025-26 £000
	Comprehensive Income and expenditure statement	
452	Interest expenses on lease liabilities	347
43	Expense relating to short-term lease	62
138	Expense relating to exempt low-value leases	238
98	Variable lease payments not included	62
0	Gain/losses from sale and lease transactions	0
	Cashflow Statement	
4,766	Minimum lease payments	3,322

Each Lease Liability corresponds to a Right of Use Asset. The following table outlines the balance of these assets.

	Land and Buildings 2025-26	Vehicles, Plant and Equipment 2025-26	Total 2025-26
	£000	£000	£000
Balance at 1 April 2025	5,329	1,860	7,189
Additions	1,031	4,485	5,516
Revaluations	2,161	0	2,161
Depreciation	(2,101)	(1,311)	(3,412)
Disposals	0	(25)	(25)
Balance 31 March 2026	6,420	5,009	11,429

2024-25 Comparator Figures

	Land and Buildings 2024-25	Vehicles, Plant and Equipment 2024-25	Total 2024-25
	£000	£000	£000
Balance at 1 April 2024	0	1,557	1,557
Adjustment on transition to IFRS16	7,619	941	8,560
Peppercorn Lease Adjustment	94	0	94
Additions	486	693	1,179
Revaluations	0	0	0
Depreciation	(2,870)	(1,324)	(4,194)
Disposals	0	(7)	(7)
Balance 31 March 2025	5,329	1,860	7,189

Authority as Lessor

The accounting arrangements under IFRS16 are largely unchanged from a Lessor perspective. The Council leases out elements of its Property portfolio to various organisations as part of its dual aims of helping to generate economic activity in the area and in order to generate a return on assets held. These leases are all categorised as operating leases due to the fact the returns only reflect a small proportion of the asset's value or the nature of the lease agreements. The properties comprise a mix of commercial offices and outlets, industrial units and pieces of land for development or farms. These leases vary in length from short term to over one hundred years with the longer leases largely only for peppercorn rental income.

All income generated from these leases is reflected in the Comprehensive Income and Expenditure Statement as it becomes due, primarily in the Financing and Investment Income.

Future minimum lease payments receivable under non-cancellable leases in future years are estimated as follows:

2024-25 £000	Age Profile of Lease Income	2025-26 £000
12,066	No later than one year	15,282
29,170	Between one and five years	42,769
135,895	Later than five years	386,771
177,131		444,822

The Council has sub-leased out a property that it has leased in. The expenditure and income have been charged to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement as it forms part of the commercial properties trading account. As at 31 March 2026 the estimated outstanding income linked to future usage of these properties was as below:

2024-25 £000	Age Profile of Sub-lease payments receivable	2025-26 £000
114	No later than one year	114
457	Between one and five years	457
657	Later than five years	542
1,228		1,113

The lease costs payable and sub-lease income receivable in 2025-26 is calculated to be:

2024-25 £000	Lease payments and Sub-lease receivable	2025-26 £000
1,432	Minimum Lease payments	1,298
(1,228)	Sublease Payments Receivable	(1,113)
204		185

40. Private Financing Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. Following a competitive procurement process, this contractor will design, build, finance and operate these assets in response to a specification set out by the Council. The assets are made available to the Council over a specified period (the service concession period) and in return the Council will make regular payments to the contractor over this period (the Unitary Payment). This charge covers the running costs of the facility and contributes to the capital financing costs the contractor incurred.

The Council has two operational PFI schemes:

- A scheme to provide school premises together with associated facilities management services (e.g. caretaking, cleaning and catering) in the Ellesmere Port area. There were originally five schools which were constructed under this agreement and additional facilities were developed at a sixth. The service commenced in September 2003 for a period of 30 years until 2033. Following the conversion of William Stockton Primary School to an academy in September 2023, four of the original five schools have now become academies, leaving just one school and additional facilities within the Council's ownership. These facilities will revert to Council ownership at the end of the PFI contract.
- A contract for providing facilities and support for extra care housing at two sites in Winsford and Ellesmere Port. This scheme is managed in partnership with Cheshire East Borough Council where there are a further three sites, although one of these three sites was subject to extensive fire damage during 2019-20. The scheme's first site became operational in January 2009 with others (including both the West sites) following in 2009-10. The contract runs until 2039. These facilities will not revert to the Council at the end of the contract although it will have the option to purchase them at that time.

PFI Assets

The Council has determined control of the assets by looking at how we manage the facilities, right of access to the facilities and decisions around the day to day managing of the facilities. The accounting policy for PFIs and similar arrangements has been applied to these assets. Consequently, the assets relating to these contracts (£22.2m) have been recognised on the Balance Sheet as property, plant and equipment, in accordance with IFRIC 12 (Service Concession Arrangements).

Under the requirements of IFRIC 12 the assets which were constructed to deliver these schemes are recorded on the Balance Sheet of the Council along with a liability showing the Council's commitment to make Unitary Payments in future years. Upon initial recognition these two values would offset each other but over time the values will diverge.

In addition, the Council needs to consider the treatment of the income generating potential of these assets. Where these assets generate income, an assumption needs to be made as to whether the income primarily funds: operational running costs, or repayment of initial capital, or a combination of the two. In the case of the Council's PFI schemes it is assumed that third party income is primarily to support operational running costs with all capital expenditure being funded from the PFI unitary payment the Council makes to the contractor.

This judgement is based on the respective financial models for the PFIs as approved by the Council at the inception of the programme.

The assets recognised under these schemes are held within property, plant and equipment in the Council's Balance Sheet; they are treated in exactly the same way as any other Council asset, are subject to five yearly valuations and charged with annual depreciation.

2024-25			Movement in PFI Asset Values	2025-26		
Schools £000	Extra Care £000	Total £000		Schools £000	Extra Care £000	Total £000
3,189	12,987	16,176	Opening Net Book Value	3,738	16,427	20,165
5,665	3,677	9,342	IFRS 16 Adjustment	(1,329)	(1,104)	(2,433)
26	356	382	Additions/Disposal	5	398	403
(4,960)	148	(4,812)	Revaluations	75	4,790	4,865
(182)	(741)	(923)	Depreciation	(75)	(701)	(776)
3,738	16,427	20,165	Closing Net Book Value	2,414	19,810	22,224

The IFRS 16 Adjustment in 2025-26 reflects the difference between the assumed and actual indexation rates applied to future liabilities following the adoption of the accounting standard in 2024-25. IFRS 16 primarily relates to the remeasurement of PFI liabilities but also requires a balancing entry to adjust the value of the PFI Asset. The balancing adjustment can lead to the value of the asset exceeding its valuation. In such circumstances it is necessary to write the asset back down to its confirmed valuation.

PFI Liabilities

Since 2024-25 the Council has been required to account for PFI liabilities in accordance with IFRS 16 (previously IAS 17). This Accounting Standard requires Local Authorities to remeasure their PFI liabilities upon transition to IFRS 16 and annually thereafter. The adoption of IFRS 16 resulted in a large increase in liabilities which was due to a combination of the prevailing rate of inflation since the commencement of the contracts and the number of Unitary Payments that are still outstanding. PFI liabilities are written down each year as Unitary Payments are made to the contractor. Only part of each Unitary Payment can be applied to writing down the liability as it funds four separate components reflecting what is being funded:

- Service Costs Reflecting the net cost of services delivered in 2025-26
- Financing Costs Effective costs of borrowing and interest on outstanding balances
- Liability Repayment Writing down the PFI liability
- Lifecycle Costs Reflecting new capital expenditure on the asset

2024-25			Allocation of Unitary Payment	2025-26		
Schools £000	Extra Care £000	Total £000		Schools £000	Extra Care £000	Total £000
893	484	1,377	Service Costs	915	480	1,395
940	844	1,784	Financing Costs	785	768	1,553
645	552	1,197	Liability Repayment	925	572	1,497
130	355	485	Lifecycle Costs	23	398	421
2,608	2,235	4,843	Total	2,648	2,218	4,866

The spread of the Unitary Payment and the liability balances reflect that the Council's Unitary Payments are the primary means by which the PFI operator is recovering the costs of constructing these assets, and that any third party income generated through operating the sites is instead used to subsidise the schemes operational running costs (in effect reducing the service costs).

The amounts of payments made in 2025-26 and in future years are set out in the following tables. The remaining payments under PFI contracts will reduce the liability to nil by the final year of the contracts.

2024-25			Movement in Liability during the year	2025-26		
Schools £000	Extra Care £000	Total £000		Schools £000	Extra Care £000	Total £000
(6,281)	(14,716)	(20,997)	Opening Liability	(11,301)	(17,841)	(29,142)
(5,665)	(3,677)	(9,342)	IFRS 16 Adjustment	1,328	1,103	2,431
645	552	1,197	Payments made in year	925	572	1,497
(11,301)	(17,841)	(29,142)	Closing Liability	(9,048)	(16,166)	(25,214)

Future Payments under the PFI Contracts	Service Costs £000	Principal Payments £000	Capital Costs £000	Interest £000	Total £000
Schools					
Obligations Payable in 2026-27	938	1,022	7	712	2,679
Due between 2027-28 and 2030-31	4,190	4,202	175	2,054	10,621
Due between 2031-32 and 2034-35	2,566	3,824	61	550	7,001
Total	7,694	9,048	243	3,316	20,301
Extra Care					
Obligations Payable in 2026-27	297	754	441	742	2,234
Due between 2027-28 and 2030-31	825	4,656	1,120	2,506	9,107
Due between 2031-32 and 2035-36	1,571	6,044	2,154	2,004	11,773
Due between 2036-37 and 2040-41	818	4,711	718	420	6,667
Total	3,511	16,165	4,433	5,672	29,781

PFI Funding

The Unitary Payments are primarily funded from grants received from the Ministry of Housing, Communities, and Local Government (MHCLG) but the Council also contributes to the costs. In the case of the Schools scheme these contributions are split between the Council and the schools themselves.

The nature of the Government funding is such that the Council receives a fixed grant payment each year. These payments are not index linked and will not alter throughout the contract period. The Unitary Payment is index linked and will vary with inflation over the thirty years of the scheme. As time elapses this leads to an imbalance between the schemes main sources of income and the payments it needs to make, with the scheme operating at a surplus in early years and a deficit in later years. To prevent this imbalance from impacting upon Council Tax requirements the Council has operated two PFI equalisation reserves to retain the surpluses generated in the early years of the schemes. As part of the 2025-26 budget setting process, the Council undertook a

review of the need for these reserves and subsequently decided in February 2025 to release the Extra Care reserve early to support the balancing of the 2025-26 Budget. Instead, the Council will fund the difference between the unitary payment and grant received from its central inflation contingency each year from 2025-26.

The balances on these reserves as at 31 March 2026 are disclosed in the following table.

2024-25			Movement in Equalisation Reserves during the year	2025-26		
Schools £000	Extra Care £000	Total £000		Schools £000	Extra Care £000	Total £000
5,939	1,581	7,520	Opening Balance	6,217	1,581	7,798
278	0	278	In Year Additions / (Drawdowns)	217	(1,581)	(1,364)
6,217	1,581	7,798	Closing Balance	6,434	0	6,434

41. Capitalisation of Borrowing Costs

Councils are able to capitalise borrowing costs that are incurred during the undertaking of capital works to construct or acquire an asset. Borrowing costs can only be capitalised where there is a significant period between when the funded expenditure is incurred and the relevant asset becoming operational.

There were no borrowing costs capitalised in the year 2025-26 (nil 2024-25).

42. Pension Schemes (Defined Contribution Scheme)

Teachers employed by the Council are eligible for the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the costs, making a payment based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a national fund as the basis for calculating the employer's contribution rate paid by Local Authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2025-26 the Council paid £22.8m (2024-25 £23.2m) to Teachers' Pension in respect of teachers' retirement benefits, representing 28.68% (2024-25 also 28.68%) of pensionable pay. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefits basis and are detailed in Note 43.

Public Health transferred from Clinical Commissioning Groups in 2013-14, and the Council inherited a small number of workers who are Members of the NHS Pension Scheme. This scheme is a defined benefit scheme but similarly to the Teachers' Pension Scheme must be treated as a defined contribution scheme. Contributions made in 2025-26 equated to £41k (2024-25 £36k) representing 14.38% of pensionable pay.

43. Defined Schemes (Benefit Pension Scheme)

Participation in Pension Scheme

The terms and conditions of employment include the Council's contributions towards the cost of post-employment benefits. Although these benefits are not actually payable until employees retire, the Council's commitment to make the payments must be disclosed at the time their future entitlement is earned.

Accounting Treatment

The Council participates in the Local Government Pension Scheme (LGPS) and Discretionary Pensions for Teachers under the Teachers' Pension Scheme (TPS). Both schemes are accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS 19). The liabilities for both schemes are calculated using a projected unit method and the assets of the funds are included at their fair value. The liabilities attributable to the Council for both schemes are included in the Balance Sheet.

Asset Ceiling

Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. An adjustment has been made in the 2025-26 accounts to apply this asset ceiling, as calculated by the Actuary (Hymans Robertson LLP), as the year end results showed a net asset in the pension scheme. The calculation for this can be seen in the asset ceiling reconciliation table.

Local Government Pension Scheme (LGPS)

The Cheshire Pension Fund operates under the regulatory framework for the Local Government Pension Scheme. The governance of the Fund is the responsibility of the full Council within Cheshire West and Chester Council, supported by the Pension Fund Committee. The Fund's policies and investment strategy are set by the Committee and administered by the Chief Operating Officer from Cheshire West and Chester. The Local Pension Board assists the Administering Authority to ensure the effective and efficient governance and administration of the LGPS.

The principal risks to the authority are the assumptions on longevity, inflation, salary changes, investment returns and changes in the structure of the fund. Consideration of these risks, based on the best estimates for these assumptions following the advice of the Fund's actuary (Hymans Robertson LLP) is included at the end of this note.

The LGPS is a funded scheme, meaning that the scheme's liabilities are backed by investment assets. The Cheshire Pension Fund manages four investment strategies each with different objectives and different allocations to growth assets and defensive assets. The overarching principle being to tailor investment strategies to better match the risk/return requirements of employers, on their journey towards the long-term funding objective. A key part of the Fund's investment strategy is the embedded dynamic risk management framework. The risk management framework ensures that employers only take the level of investment risk that is necessary to meet their funding objectives by adjusting the strategic asset allocation and investment risk profile based on pre-determined funding level triggers.

The Cheshire Pension Fund operates four investment strategies each with different allocations to growth assets and diversifying and matching assets reflecting the differing pension liabilities and funding positions of employers. At 1 April 2025 the four strategies were as follows:

	Growth	Diversifying and Matching
Open Employers	50%	50%
Academies	55%	45%
Exiting Employers	50%	50%
Exited Employers	0%	100%

*Please note that from April 2026 the number of employer investment strategies will reduce to three as a result of the consolidation of exiting and exited employers into one low risk strategy.

The net return on investments for the Fund for the 2025-26 year was a gain of £556m (2024-25: gain of £138m). The fund achieved a positive return on its investments of 7.9% (2024-25: +1.6%), against a tailored benchmark of +7.5% (2024-25: +0.2%). For the three years ending 31 March 2026, the Fund achieved an annualised return of +5.3% (2024-25 -0.9%) per annum against the Fund's benchmark return of +4.2% (2024-25 -1.3%) per annum."

Teachers Discretionary Payments

The Council also funds discretionary early retirement benefits for teachers and this scheme is unfunded. The Council paid £3.8m in 2025-26 (£4.2m in 2024-25) in relation to this scheme, of which £2.4m in 2025-26 (£2.6m in 2024-25) has been recovered from Cheshire East, Halton and Warrington Borough Councils.

Transactions Relating to Post-employment Benefits

The costs of retirement benefits are recognised in the CIES as they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charges that are required to be made against council tax are based on the cash paid to the Pension Fund in the year; to reconcile the real cost of post-employment/retirement benefits is reversed out of the General Fund via the MIRS (Movement in Reserves Statement) and replaced by the payments made.

The following transactions occurred during the year:

LGPS	Teachers Unfunded Scheme	Gratuities Unfunded	Total	CIES and Movement in Reserves Statement	LGPS	Teachers Unfunded Scheme	Gratuities Unfunded	Total
2024-25 £000	2024-25 £000	2024-25 £000	2024-25 £000		2025-26 £000	2025-26 £000	2025-26 £000	2025-26 £000
				Cost of Services:				
1	0	0	1	Past service costs and curtailments	564	0	0	564
(2,125)	0	0	(2,125)	(Gain) from settlements	(1,745)	0	0	(1,745)
				Financing and Investment Income and Expenditure				
(9,734)	627	37	(9,070)	Net Interest Cost (Note 12)	(24,583)	671	35	(23,877)
9,651	0	0	9,651	Interest on the effect of the asset ceiling	24,036	0	0	24,036
26,275	627	37	26,939	Total post-employment benefits charged to SDPS	20,007	671	35	20,713
				Other post-employment benefits charged to the CIES				
				Remeasurement of the net defined benefit liability comprising:				
42,881	0	0	42,881	Return on plan assets (excluding the amount included in the net interest expense)	(39,405)	0	0	(39,405)
(2,653)	(30)	(1)	(2,684)	Actuarial Gains / Losses arising on changes in demographic assumptions	(12,842)	(156)	(10)	(13,008)
(226,567)	(744)	(29)	(227,340)	Actuarial Gains / Losses arising on changes in financial assumptions	(30,652)	(127)	3	(30,776)
(14,118)	270	(49)	(13,897)	Other experience	150,230	(316)	5	149,919
206,068	0	0	206,068	Adjustment for Asset Ceiling Calculation	(51,396)	0	0	(51,396)
31,886	123	(42)	31,967	Total post-employment benefit charged to the CIES	35,942	72	33	36,047
				Movement in Reserves Statement				
(26,275)	(627)	(37)	(26,939)	Reversal of net charges made to the SDPS for post-employment benefits	(20,007)	(671)	(35)	(20,713)
31,886	0	0	31,886	Employers' contributions	33,730	0	0	33,730
0	0	0	0	Effect of Business combinations and disposals	2,212	0	0	2,212
0	1,544	109	1,653	Retirement Benefits Payable	0	1,410	99	1,509

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

LGPS	Teachers Unfunded	Gratuities Unfunded	Total	Balance Sheet entries	LGPS	Teachers Unfunded	Gratuities Unfunded	Total
2024-25 £000	2024-25 £000	2024-25 £000	2024-25 £000		2025-26 £000	2025-26 £000	2025-26 £000	2025-26 £000
(1,323,808)	(12,266)	(657)	(1,336,731)	Present value of obligations	(1,374,638)	(10,928)	(591)	(1,386,157)
1,738,512	0	0	1,738,512	Fair value of plan assets	1,761,982	0	0	1,761,982
(414,704)	0	0	(414,704)	Adjustment for the effect of the asset ceiling	(387,344)	0	0	(387,344)
0	(12,266)	(657)	(12,923)	Net Pension Liability	0	(10,928)	(591)	(11,519)

Assets and Liabilities in Relation to Post-employment Benefits

LGPS 2024-25 £000	Teachers Unfunded 2024-25 £000	Gratuities Unfunded 2024-25 £000	Total 2024-25 £000	Reconciliation of present value of the scheme liabilities	LGPS 2025-26 £000	Teachers Unfunded 2025-26 £000	Gratuities Unfunded 2025-26 £000	Total 2025-26 £000
1,523,204	13,687	808	1,537,699	Opening balance	1,323,808	12,266	657	1,336,731
28,482	0	0	28,482	Current Service Costs	21,735	0	0	21,735
73,142	627	37	73,806	Interest Cost	76,390	671	35	77,096
				Remeasurement gains and losses:				
(2,653)	(30)	(1)	(2,684)	Actuarial gains/losses arising from changes in demographic assumptions	(12,842)	(156)	(10)	(13,008)
(226,567)	(744)	(29)	(227,340)	Actuarial gains/losses arising from changes in financial assumptions	(30,652)	(127)	3	(30,776)
1	0	0	1	Past Service Costs & Curtailments	564	0	0	564
(5,955)	0	0	(5,955)	Liabilities Extinguished on Settlement	(7,110)	0	0	(7,110)
0	0	0	0	Effect of Business combinations and disposals	12,785	0	0	12,785
1,323,808	12,266	657	1,336,731	Closing balance at 31 March	1,374,638	10,928	591	1,386,157

LGPS 2024-25 £000	Teachers Unfunded 2024-25 £000	Gratuities Unfunded 2024-25 £000	Total 2024-25 £000	Movement in Fair Value of Assets	LGPS 2025-26 £000	Teachers Unfunded 2025-26 £000	Gratuities Unfunded 2025-26 £000	Total 2025-26 £000
1,722,189	0	0	1,722,189	Opening Balance	1,738,512	0	0	1,738,512
82,876	0	0	82,876	Interest income	100,973	0	0	100,973
				Remeasurement gains and losses:				
31,886	0	0	31,886	Employer Contributions	33,730	0	0	33,730
10,107	0	0	10,107	Contribution by scheme members	10,793	0	0	10,793
0	1,544	109	1,653	Contributions - unfunded benefits	0	1,410	99	1,509
(61,835)	0	0	(61,835)	Benefits paid	(61,808)	0	0	(61,808)
0	(1,544)	(109)	(1,653)	Unfunded benefits paid	0	(1,410)	(99)	(1,509)
0	0	0	0	Other experience	(109,255)	0	0	(109,255)
0	0	0	0	Effect of Business combinations and disposal	14,997	0	0	14,997
(3,830)	0	0	(3,830)	Assets distributed on Settlement	(5,365)	0	0	(5,365)
1,738,512	0	0	1,738,512	Closing balance at 31 March	1,761,982	0	0	1,761,982

Reconciliation of the Asset Ceiling Adjustment

2024-25		2025-26
(198,985)	Opening effect of the asset ceiling	(414,704)
(9,651)	Interest on the effect of the asset ceiling	(24,036)
(206,068)	Changes in the effect of the asset ceiling	51,396
(414,704)	Closing effect of the asset ceiling	(387,344)

Local Government Pension Scheme Assets

The Local Government Pension Scheme's assets consist of the following categories, and whether the investment is quoted in active markets or not.

Quoted Prices in active markets	Unquoted Prices not in active markets	Total	Share of Total Assets	Local Government Pension Scheme assets	Quoted Prices in active markets	Unquoted Prices not in active markets	Total	Share of Total Assets
2024-25 £000	2024-25 £000	2024-25 £000	%		2025-26 £000	2025-26 £000	2025-26 £000	%
0	15,179	15,179	1%	Cash & Cash Equivalents	0	31,209	31,209	2%
				Equity Securities:				
				By industry type:				
8,457	0	8,457	0%	Consumer	4,777	0	4,777	0%
7,902	0	7,902	0%	Manufacturing	8,386	0	8,386	1%
0	0	0	0%	Energy and Utilities	0	0	0	0%
1,685	0	1,685	0%	Financial Institutions	2,536	0	2,536	0%
3,589	0	3,589	0%	Health and Care	2,068	0	2,068	0%
58,000	0	58,000	3%	IT	50,625	0	50,625	3%
6,304	0	6,304	0%	Other	3,791	0	3,791	0%
85,937	0	85,937	3%		72,183	0	72,183	4%
0	114,768	114,768	7%	Private equity	0	103,435	103,435	6%
				Real Estate:				
0	128,809	128,809	7%	UK	0	127,238	127,238	7%
0	2,217	2,217	0%	Overseas	0	2,116	2,116	0%
0	131,026	131,026	7%		0	129,354	129,354	7%
				Investment funds and unit trusts:				
510,568	0	510,568	30%	Equities	620,584	0	620,584	35%
367,449	284,965	652,414	38%	Bonds	347,270	312,235	659,505	38%
0	114,771	114,771	7%	Hedge Funds	0	110,295	110,295	6%
0	32,575	32,575	2%	Infrastructure	0	35,416	35,416	2%
0	81,274	81,274	5%	Other	0	0	0	0%
878,017	513,585	1,391,602	82%		967,854.00	457,945.70	1,425,799.70	81%
963,954	774,558	1,738,512	100%	Total Assets	1,040,037	721,944	1,761,982	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, a method for estimating future pension payments dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and the Unfunded Teachers Liability have been assessed by Hymans Robertson, an independent firm of actuaries. Demographic estimates for the Council Fund are based on the 2022 valuation of the scheme as at 31 March 2022.

This report and note do not address any risks to the Fund itself e.g. due to Coronavirus. Such advice would generally be given to the Administering Authority by the Fund's Actuary through the actuarial valuation process.

The principal assumptions used by the Actuary have been:

LGPS 2024-25	Teachers Unfunded Liabilities 2024-25	LGPS Unfunded Liabilities 2024-25		LGPS 2025-26	Teachers Unfunded Liabilities 2025-26	LGPS Unfunded Liabilities 2025-26
Financial Assumptions						
3.45%	n/a	n/a	Rate of increase in salaries	3.70%	n/a	n/a
2.75%	2.75%	2.75%	Rate of increase in pensions	3.00%	3.00%	3.00%
Discount rate used						
5.80%	5.80%	5.80%	Rate used to Discount liabilities	6.20%	6.20%	6.20%
Demographic Mortality Assumptions						
Longevity at 65 for current pensioners						
21.1 years	21.1 years	21.1 years	Men	21.8 years	21.8 years	21.8 years
23.9 years	23.9 years	23.9 years	Women	24.5 years	24.5 years	24.5 years
Longevity at 65 for future pensioners						
21.7 years	n/a	n/a	Men	22.5 years	n/a	n/a
25.3 years	n/a	n/a	Women	25.8 years	n/a	n/a

The estimation of the defined benefit obligation 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 while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, on an actuarial basis using the projected unit credit method.

Sensitivity analysis - impact on the defined benefit obligation in the scheme	Increase in assumption			Decrease in assumption		
	LGPS	Teachers Unfunded	LGPS Unfunded	LGPS	Teachers Unfunded	LGPS Unfunded
	£000	£000	£000	£000	£000	£000
Longevity (change by 1 year)	54,986	0	0	(54,986)	0	0
Salary inflation (change by 0.1%)	743	0	0	(743)	0	0
Pension inflation (change by 0.1%)	19,435	174	7	(19,435)	(174)	(7)
Discount rate (change by 0.1%)	(20,193)	(174)	(7)	20,193	174	7

Impact on the Council's Cash Flows

A key objective of the Pension Fund is to keep employers' contributions as stable and affordable as possible, whilst also ensuring the solvency of the Pension Fund.

The Council has agreed a funding plan with the Pension Fund that targets to achieve a funding level of 100% over the next 20 years.

Funding plans and contribution rates are formally reviewed on a triennial basis. The latest review was 31 March 2022 and applies for the period from 1 April 2023 to 31 March 2026.

The current funding plan provides the Council with stability of contribution rates by limiting any increases/decreases to the Council's pension contributions to +1/-1% per year at each 3 year review.

The estimated LGPS pension contribution to be made by Cheshire West and Chester in 2025-26 is £34m.

44. Contingent Liabilities

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

45. Contingent Assets

Chester City Walls

Following development works undertaken by a third party adjacent to Chester City Walls, a small section of the walls collapsed. The Council has undertaken investigations and initial remedial works and intends to fully restore the affected area.

The Council has commenced High Court proceedings to determine liability and seek recovery of associated repair costs. The legal process is expected to take up to two years to conclude.

High Needs Stability Grant

On 9 February 2026, the Government announced a High Needs Stability Grant to support local authorities managing Dedicated Schools Grant (DSG) deficits, with funding of up to 90% of eligible deficits.

The Council expects to meet the eligibility criteria; however, allocations remain subject to conditions, including approval of a local SEND reform plan and confirmation by the Department for Education.

46. Risk Arising from Financial Instruments

The Council complies with the CIPFA Code of Practice on treasury management and with the Prudential Code for Capital Finance in Local Authorities both of which were revised in December 2021.

The Council's treasury management activity is carried out in accordance with the Council's annual Treasury Management Strategy (TMS) that is approved by full Council shortly before the start of each financial year. The TMS sets out the broad framework for the use of financial instruments. For the year 2025-26 the TMS allowed the Council to deposit up to £10 million with a number of large banks, building societies and sterling denominated money market funds that met a range of specified criteria the most objective of these being to have a long-term credit rating equivalent to at least A-. This limit of £10 million is increased to £12.5 million for the Council's main banker, Lloyds Banking Group.

The use of financial instruments by their very nature exposes the Council to a variety of risks and details of these risks, along with how the Council seeks to manage them, are set out below:

Credit Risk

Credit risk is the risk that failure by a third party to make a payment of interest or repay an amount lent to it will have an unexpected adverse impact on the Council's financial position.

During 2025-26 the Council chose to place deposits with a number of selected large banks, and sterling denominated money market funds. Such banks and money market funds are of a high credit quality (i.e. they have as a minimum a long term credit rating of A-). The Council also lent monies to HM Treasury during the year. The Council does not expect any losses from its dealings with any of these counterparties except in the most exceptional of circumstances. IFRS 9 does, however, require that some allowance for potential losses be provided for in the Council's financial statements.

No loss allowances on treasury investments have been provided for in the Council's account at 31 March 2026 as the amounts involved were immaterial (31 March 2025 £nil).

31 March 2025		Form of Financial Asset Held	Credit rating	31 March 2026	
Long Term £000	Short Term £000			Long Term £000	Short Term £000
0	0	Fixed Term Deposits	A+	0	0
0	919	Call Accounts	A+	0	897
0	919	Sub-total		0	897
8,514	0	Pooled Equity and Property Funds	n/a	8,979	0
0	89,347	Money Market Funds	n/a	0	73,397
8,514	90,266			8,979	74,294

The Council has made working capital loans facilities available to three Council owned company during the year 2025-26. The maximum amount available under those facilities totals £5.5m. At the balance sheet date just one of the companies were making use of the facility, for an amount of £0.250m.

In addition to this the Council also holds separate long-term loans with two of its companies. The first was issued to Edsential to support that company with losses incurred during the pandemic, the outstanding balance on that loan currently equates to £0.755m. The second loan relates to funds advanced to Enterprise Cheshire and Warrington (ECW) who used that funding to provide financial support to businesses who were investing into premises within the Enterprise Zone. These loans are being repaid from the increased business rates generated from those sites following the investment. The outstanding balance on the ECW loans at March 2026 was £4.619m, the maximum value that can be drawn down at any time under this facility is £10m.

This gives a total outstanding loan value of £5.624m at 31st March 2026. After allowing for £1.242m of loss allowances the recorded loan balance reduces to £4.382m. Loss allowances on these loans has been calculated on an individual basis taking account of the circumstances impacting on each of the companies at the balance sheet date. The loss allowance takes account of the fact that all of the companies have a relatively short trading history and have no credit rating assigned to them.

Restated 31st March 2025			Borrower	Exposure Type loan commitments	31st March 2025		
Loan Value £000	Balance Sheet £000	Risk Exposure £000			Loan Value £000	Balance Sheet £000	Risk Exposure £000
250	225	5,500	Council owned company - working capital loans	Market rates	250	225	5,500
5,814	4,500	10,814	Council owned company - other loans	Market rates	5,374	4,157	10,755
6,064	4,725	16,314	Total		5,624	4,382	16,255

Customers for goods and services are assessed often taking into their financial position, account trading history and ability to pay. The Councils policy is to obtain payment in advance, where permitted to avoid any risk of unpaid debt.

The Council has adopted a simplified loss approach where impairment loss allowance on trade receivables and HRA tenant arrears has been calculated by using the expected losses approach. Using this approach provides a more accurate impairment charge.

Receivables are written off to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement when they are deemed unrecoverable, steps are taken to collect sums owing including pursuit through legal means, courts and the use of bailiffs.

Accounts Receivable

Period	Impairment allowance rate %	Trade Receivables £000	Impairment Loss £000	31 March 2026 £000
Current	3.3%	55,047	(1,790)	53,257
Past due < 3 Months	7.8%	5,397	(422)	4,975
Past due 3-6 Months	28.0%	2,105	(589)	1,516
Past due 6-9 Months	45.5%	1,640	(746)	894
Past due 9-12 Months	43.6%	1,576	(688)	888
Past due 12+ Months	76.2%	10,173	(7,751)	2,422
Deferred Debt	0.0%	3,274	0	3,274
Total		79,212	(11,986)	67,226

Period	Impairment allowance rate %	Trade Receivables £000	Impairment Loss £000	31 March 2025 £000
Current	6.7%	44,087	(2,971)	41,116
Past due < 3 Months	0.0%	6,669	(3)	6,666
Past due 3-6 Months	6.1%	2,401	(145)	2,256
Past due 6-9 Months	94.8%	2,047	(1,941)	106
Past due 9-12 Months	76.1%	2,202	(1,675)	527
Past due 12+ Months	58.2%	8,301	(4,830)	3,471
Deferred Debt	2.5%	3,211	(81)	3,130
		68,918	(11,646)	57,272

Housing Revenue Account

Period	Impairment allowance rate %	HRA Tenant Arrears £000	Impairment Loss £000	31 March 2026 £000
Up to 28 days	3.0%	384	(11)	373
29 - 60 days	4.0%	370	(15)	355
61 - 90 days	10.0%	232	(23)	209
91 - 120 days	70.0%	162	(111)	51
121 - 150 days	69.0%	164	(112)	52
151 - 180 days	69.0%	133	(91)	42
181 - 365 days	70.0%	319	(219)	100
Over 365 days	100.0%	86	(86)	0
Former Debt	100.0%	1,585	(1,585)	0
Total		3,435	(2,253)	1,182

Period	Impairment allowance rate %	HRA Tenant Arrears £000	Impairment Loss £000	31 March 2025 £000
Up to 28 days	3.0%	203	(6)	197
29 - 60 days	4.0%	218	(9)	209
61 - 90 days	10.0%	158	(16)	142
91 - 120 days	70.0%	123	(86)	37
121 - 150 days	70.0%	129	(90)	39
151 - 180 days	70.0%	76	(53)	23
181 - 365 days	70.0%	192	(135)	57
Over 365 days	100.0%	105	(105)	0
Former Debt	87.7%	2,242	(1,967)	275
		3,446	(2,467)	979

Liquidity Risk

Liquidity risk is the risk that the Council will not have sufficient cash resources to meet its obligations as they fall due for payment. The Council will manage this risk by ensuring it has adequate, though not excessive, short term cash resources, borrowing arrangements, overdrafts or standby facilities in place. It will also make use of cash flow forecasting to give as accurate a picture as possible of daily cash balances.

An inability to raise finance is not a risk that the Council perceives that it faces.

The Council, like all UK Councils, is able to borrow at favourable rates from the Public Works Loans Board and other local Councils. Loans from the Public Works Loans Board can be received into the Council's bank account within 5 working days. In addition, the Council can also borrow from banks and other commercial organisations. There is also an active intra-local authority loans market through which Councils can borrow from and lend to each other on a short term (up to 5 years) basis.

There is a risk, however, that when loans or other forms of borrowing fall due to be repaid the Council will be unable to re-finance the borrowings on reasonable terms. To manage this risk down to an acceptable level, the Council endeavours to even out the maturity profile of its long-term loans, and this is monitored through the approved prudential indicator for the maturity structure of debt.

The existing long-term loans of Cheshire West and Chester Council are scheduled to mature as follows; these balances include the interest that will be re-payable:

Profile of Borrowing in relation to General Fund activities	Public Works Loans Board £000	Salix Loans £000	Banks £000	Other Local Authorities £000	Total 2025-26 £000
In the next financial year	15,595	766	277	0	16,638
In the following financial year	2,480	502	0	0	2,982
In 2 to 5 years	19,241	0	0	0	19,241
In 5 to 10 years	31,161	0	0	0	31,161
In 10 to 15 years	29,488	0	0	0	29,488
In 15 to 20 years	7,131	0	12,380	0	19,511
In 20 to 25 years	19,656	0	0	0	19,656
In 25 to 30 years	23,179	0	5,179	0	28,358
In 30 to 40 years	7,371	0	0	0	7,371
Total	155,302	1,268	17,836	0	174,406

Profile of Borrowing in relation to HRA activities	Public Works Loans Board £000	Salix Loans £000	Banks £000	Other Local Authorities £000	Total 2025-26 £000
In the next financial year	2,992	0	90	0	3,082
In the following financial year	3,008	0	0	0	3,008
In 2 to 5 years	9,550	0	0	0	9,550
In 5 to 10 years	17,830	0	0	0	17,830
In 10 to 15 years	20,555	0	0	0	20,555
In 15 to 20 years	4,475	0	5,084	0	9,559
In 20 to 25 years	0	0	0	0	0
Total	58,410	0	5,174	0	63,584

The Council has £7m of lender's option borrower's option (LOBO) loans where the lender has the option to propose a change in the rate of interest payable. If this option is exercised the Council, as borrower, has the option of either accepting the new rate of interest payable or repaying the loan in full without penalty. The next opportunity for the lender to exercise their option is during 2027-28. In the table above the LOBO loan is shown as maturing on its scheduled maturity date except in those years preceding the next available option date. In those years the LOBO loan is shown as an amount payable within one year.

Cheshire West and Chester Council has a proven track record of using its financial standing to invest in the delivery of key regenerative projects.

The most recent scheme completed was Chester Northgate phase 1, which is a mixed-use scheme in the centre of the city incorporating a Multi Storey Car Park, Cinema, Market and Restaurants. This scheme partially opened in late 2022, and most of the remaining units have opened progressively since. The Council is now managing this asset going forwards and has also selected a development partner for the next phase of Northgate re-development, which is expected to consist of high quality new homes within a new residential community; improved connectivity with the existing Northgate development; and a high standard of public realm to support the scheme in the heart of the historic city centre.

The Council has also undertaken re-development in Winsford Town Centre and was awarded £10 million of Future High Street Funding for a package of measures to begin the transformation of the town centre. The Council matched the external funding to create a £22m development fund. This work has delivered new retail units, reduced the number of empty retail units and made public realm improvements and fully opened in summer 2025.

The Council's first town centre regeneration scheme was in Northwich. Barons Quay was completed in 2018 and the Council now has the role of managing the asset for the long term.

The Council has implemented a robust financial risk management process to ensure that it always makes provision within its budget for the running of these schemes, and to ensure that the Council's long term contribution towards the financing, operational and maintenance costs is sustainable. Every 6 months the long term financial assumptions for each major scheme are reviewed and the Council's budget adjusted accordingly annually. This ensures that the Council's financial position is robust and reflects a realistic long term forecast position for these assets.

Interest Rate Risk

Interest rate risk is the risk that unexpected changes in interest rates may expose the Council to greater costs or a lower level of investment income than has been budgeted for.

The impact on the Council of a rise / fall in interest rates will be as follows:

- i) the amount of interest payable on variable rate loans will increase/reduce
- ii) the amount of interest receivable on variable rate investments will increase/reduce
- iii) there will be no change to the rate of interest payable on fixed rate investments or the rate of interest receivable on fixed rate investments
- iv) the fair value of any investments held at fair value through other comprehensive income or profit and loss will fall / increase

The impact of i) to iii) will be reflected in the surplus or deficit on the provision of services while the impact of iv) will be reflected in the comprehensive income and expenditure for the year.

Financial assets and liabilities measured at amortised cost will see a change in their fair value as interest rates rise / fall. These changes in fair value will appear as disclosures in the notes to the accounts and will not impact on the Council's financial performance for the year.

At present the majority of the Council's long-term loans are fixed rate loans. Loans at fixed rates of interest provide the Council with certainty of interest cost and also shield the Council from increases in long term interest rates.

Had short term and long-term interest rates been 1% higher during 2025-26 but all other circumstances been the same, the financial effect would be:

Impact of a 1.0% increase in interest rates	£000
Increase in interest receivable on variable rate investments	(1,210)
Increase in interest payable on variable rate loans	0
Impact on Income and Expenditure Statement	(1,210)
Reduction in the fair value of fixed rate borrowing (notional impact only)	(17,272)
Reduction in the fair value of fixed rate investments (notional impact only)	n/a
Impact of a 5.0% fall in equity prices	£000
Reduction in the fair value of pooled fund investments	237
Impact of a 5.0% fall in commercial property prices	£000
Reduction in the fair value of pooled fund investments	215

Price Risk

This is the risk of financial loss as a consequence of adverse interest rate and stock / bond market movements.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to any individual pooled property fund being £10 million. A 5% fall in commercial property prices at 31 March 2026 would result in a £215,000 (31 March 2025: £215,000) charge to Financing and Investment Income in the CIES and this would then have a statutory override applied to move to the Financial Instrument Revaluation Reserve in the balance sheet.

The Council's investment in pooled equity funds is also subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to any single pooled equity fund being £10 million. A 5% fall in share prices at 31 March 2026 would result in a £237,000 (2025: £213,000) charge to Financing and Investment Income in the CIES and this would then have a statutory override applied to move to the Financial Instrument Revaluation Reserve in the balance sheet.

47.Trust Funds

During 2025-26, Cheshire West and Chester Council acted as sole trustee for six charitable trusts. The trusts, shown below do not represent assets of the Council and have not been included in the Council's Balance Sheet.

Please note values are £, not £000.

Trust Funds	2025-26				
	Income £	Expenditure £	Assets £	Liabilities £	Reserves £
Castle Park Trust The building and park land were given to the former Runcorn Rural District Council in 1933 to hold on trust for the public benefit of the area	(184,015)	104,672	1,384,410	(1,300)	(1,383,110)
The Grosvenor Park A park for the enjoyment and recreation of the inhabitants of the city	(60,648)	60,648	3,172,260	0	(3,172,260)
Johnston Recreation Ground Held for the general benefit of the residents of Willaston	(857)	0	7,385	0	(7,385)
Little Sutton Reading and Recreation Rooms Held for the general benefit of the residents of Little Sutton	0	0	2,479	0	(2,479)
Fred Venables Literary Trust Established in 1998 to provide annual book prizes to young people attending secondary schools	0	0	12,099	0	(12,099)
Reg Chrimes Trust for the Arts Established in 1999 for the promotion and development of the arts in the borough of Ellesmere Port and Neston	0	0	13,427	0	(13,427)

Trust Funds	2024-25				
	Income £	Expenditure £	Assets £	Liabilities £	Reserves £
Castle Park Trust	(164,197)	121,853	942,717	(2,709)	(940,008)
The Grosvenor Park	(14,015)	14,015	3,172,260	0	(3,172,260)
Johnston Recreation Ground	(2,461)	0	6,528	0	(6,528)
Little Sutton Reading and Recreation Rooms	0	0	2,479	0	(2,479)
Fred Venables Literary Trust	0	0	12,099	0	(12,099)
Reg Chrimes Trust for the Arts	0	0	13,427	0	(13,427)

In respect of the following charities, Cheshire West and Chester Council do not hold or administer their funds. These are administered by the charity trustees but advice may be given by Council Officers (Finance, Legal, and Democratic Services) and Members may be appointed as trustees.

- The Cheshire West and Chester Chairman's Trust
- The Fred Venables Higher Education Trust
- Lion Salt Works Trust
- Charity of Nessie Mathews and John Monk
- The Mayor of Chester Charity Fund

The Housing Revenue Account

Cheshire West and Chester Council

Supplementary Financial Statement

Supplementary Financial Statements – Housing Revenue Account

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the movement on the HRA Statement.

2024-25	Housing Revenue Account (HRA) Income and Expenditure Statement	2025-26
£000		£000
	Expenditure	
6,853	Repairs and Maintenance	6,997
6,365	Supervision & Management	7,393
131	Special Services	134
4,701	Depreciation & impairment of non-current assets	4,896
18,050	Total Expenditure	19,420
	Income	
(27,122)	Dwelling Rents	(27,664)
(425)	Non-dwelling rents	(445)
(324)	Charges for services and facilities	(331)
(187)	Contributions towards expenditure	(194)
(28,058)	Total Income	(28,634)
(10,008)	Net cost of HRA Services as included in the CIES	(9,214)
4	HRA services' share of Corporate and Democratic Core	4
(10,004)	Net Income/Expenditure for HRA Services	(9,210)
	HRA share of the operating income and expenditure included in the CIES	
(628)	(Gain) or Loss on sale of HRA non-current assets	(1,830)
(11)	Transfer from revenue grant reserve	0
2,040	Interest payable and similar charges	1,963
(207)	Interest and Investment Income	(545)
455	Movement in the allowance for bad debts	430
(8,355)	(Surplus) or deficit for the year on HRA Services	(9,192)

Notes to the Housing Revenue Account

Movement on the Housing Revenue Account Statement 2025-26

2024-25	Movement on the HRA	2025-26
£000		£000
(737)	Balance of HRA at the end of the previous year	(803)
(8,355)	(Surplus) for the year on the HRA Income and Expenditure Account	(9,192)
8,220	Adjustments between accounting basis and funding under statute	10,063
(135)	Net (increase) or decrease before transfers to reserves	871
69	Transfer to (from) reserves	(875)
(66)	(Increase) or decrease on the HRA	(4)
(803)	Balance on the HRA at the end of the year	(807)

2024-25 £000	Adjustments between accounting basis and funding under statute	2025-26 £000
0	Difference between interest payable and similar charges including amortisation of premiums and discounts	0
	Differences relating to other items of income and expenditure:	
	(Gain) or loss on the sale on non current HRA assets	
2,382	- Sale proceeds	5,060
(1,754)	- Carrying amount of assets	(3,230)
	Differences relating to changes in property values:	
0	- Reversal of revaluation (losses)/gains on HRA Properties	0
(4,701)	- Funding of depreciation from Capital Adjustment Account	(4,896)
	Transfers to the Major Repairs Reserve	
8,605	- Funding set aside for capital expenditure	9,333
3,688	- Funding for future debt repayment /MRA equivalent sum	3,796
8,220	Total Adjustments	10,063

1. The number and types of dwellings and garages in the housing stock at 31 March

2024-25 No.	Housing Stock	2025-26 No.
2,839	Houses	2,814
1,768	Flats	1,759
624	Bungalows	623
74	Maisonettes	74
5,305	Total Dwellings	5,270
1,157	Garages	1,157

2. Housing stock valuations at 31 March

2024-25 £000	Housing Stock Valuations	2025-26 £000
	Property Plant and Equipment	
235,137	- Dwellings	242,458
3,165	- Garages	3,097
238,302	Total	245,555

3. Vacant possession value of dwellings at 31 March

2024-25 £000	Dwellings Value	2025-26 £000
582,170	Market value - Vacant possession	600,229
232,868	Existing use value for social housing	240,087
2,271	Shared Ownership	2,371
347,031	Difference between market value and balance sheet value	357,771

The difference between market value and the Balance Sheet value for dwellings represents the economic cost to the Government of providing council housing at less than open market rents. The vacant property adjustment factor for NW England is 40% for 2025-26.

4. Major Repairs Reserve for the year ending 31 March

2024-25 £000	Major Repairs Reserve	2025-26 £000
(6,837)	Balance brought forward	(6,224)
3,688	Debt repayment	3,796
0	Set aside voluntary debt repayment	0
(4,701)	Transfer of MRA equivalent sum	(4,904)
(7,592)	Revenue contribution to capital	(8,225)
9,218	Less capital expenditure financed from Reserve	9,774
(6,224)	Balance Carried Forward	(5,783)

5. Housing repairs expenditure for the year ending 31 March

2024-25 £000	Housing repairs	2025-26 £000
6,853	Housing repairs	6,997
6,853	Total	6,997

6. Capital expenditure in the year ending 31 March

2024-25 £000	Capital work	2025-26 £000
10,378	Existing Dwellings	12,610
0	Assets under construction	0
10,378	Total	12,610
	Funded by:	
(479)	Borrowing	0
(681)	Usable capital receipts, grants & contributions	(2,836)
(9,218)	Major Repairs Reserve	(9,774)
(10,378)	Total Funding	(12,610)

7. Capital receipts from disposal of assets in the year ending 31 March

2024-25 £000	Capital receipts	2025-26 £000
2,382	Disposal of dwellings	5,060
2,382	Total from disposals	5,060

8. Depreciation in the year ending 31 March

2024-25 £000	Depreciation	2025-26 £000
4,701	Property, Plant and Equipment	4,896
4,701	Total	4,896

9. Rent Arrears at 31 March

2024-25 £000	Rent Arrears	2025-26 £000
1,613	Current tenants	1,849
1,833	Former tenants	1,586
3,446	Total arrears	3,435
(2,467)	Deduct - impairment allowance	(2,253)
979	Net arrears	1,182

Collection Fund

Cheshire West and Chester Council

Supplementary Financial Statement

Supplementary Financial Statements - Collection Fund

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and central government of council tax and non-domestic rates.

Collection fund for the year ended 31 March 2026

Collection Statement Fund						
2024-25			Collection Fund Statement	2025-26		
Non Domestic Rates £000	Council Tax £000	Total £000		Non Domestic Rates £000	Council Tax £000	Total £000
			Income			
0	(297,410)	(297,410)	Council Tax Receivable	0	(314,929)	(314,929)
(160,152)	0	(160,152)	Non Domestic Rates Receivable	(169,766)	0	(169,766)
(1,135)	1	(1,134)	Transitional Relief	(262)	0	(262)
(161,287)	(297,409)	(458,696)		(170,028)	(314,929)	(484,957)
			Prior Year Surplus / (Deficit) paid out of the collection fund			
2,765	0	2,765	Central Government	6,275	0	6,275
2,710	1,649	4,359	Cheshire West and Chester	6,150	33	6,183
0	225	225	Police Authority	0	5	5
55	79	134	Fire Authority	125	2	127
5,530	1,953	7,483		12,550	40	12,590
			Precepts Demands and Shares			
71,185	0	71,185	Central Government	76,541	0	76,541
69,866	243,156	313,022	Cheshire West and Chester	75,031	260,448	335,479
0	33,935	33,935	Police Authority	0	36,464	36,464
1,426	11,627	13,053	Fire Authority	1,531	12,520	14,051
0	5,160	5,160	Town and Parish Councils	0	5,518	5,518
142,477	293,878	436,355		153,103	314,950	468,053
			Charges to Collection Fund			
2,229	2,126	4,355	Write offs	463	743	1,206
(1,756)	185	(1,571)	More/(less) Bad Debt Provision	1,039	1,312	2,351
2,250	0	2,250	More/(less) Appeals Provision	(3,477)	0	(3,477)
2,107	(276)	1,831	Disregarded amounts	2,265	(292)	1,973
495	0	495	Cost of Collection	498	0	498
5,325	2,035	7,360		788	1,763	2,551
(7,955)	457	(7,498)	In Year Movement on Fund Balance	(3,587)	1,824	(1,763)
(10,121)	(1,164)	(11,285)	Opening Fund Balance	(18,076)	(707)	(18,783)
(18,076)	(707)	(18,783)	Closing Fund Balance (Surplus) / Deficit	(21,663)	1,117	(20,546)

Non-domestic rates

The Council is responsible for collecting non-domestic rates from businesses located within the area on behalf of itself, central government and Cheshire Fire Authority. The total rateable value of all business properties within the Council's area at the end of March 2026 is £411.7m. The business rates paid by a business for a property within the Council area equate to the rateable value multiplied by a rate set by central government (the multiplier). The multiplier charged is based on the rateable value of the property as follows:

Rateable Value	2025-26 multiplier
Up to £51,000	0.499
Over £51,000	0.546

The following table shows how the surplus on the non-domestic rates collection fund on 31 March 2026 is due to be allocated to partners in 2026-27.

Non-Domestic Rates	Central Govt £000	CW&C £000	Cheshire Fire £000	Total £000
(Surplus) / Deficit at 31 March 2026	(10,832)	(10,615)	(216)	(21,663)
To be distributed 2026-27 (from prior year)	9,231	9,047	185	18,463
Remaining (Surplus) / Deficit	(1,601)	(1,568)	(31)	(3,200)

The remaining surplus of £3.2m will be available for distribution in 2027-28.

Council Tax

The Council is responsible for collecting council tax from its residents on behalf of itself, Cheshire Police Authority and Cheshire Fire Authority. At the time of setting council tax for 2025-26, the tax base was estimated as 131,666.4 band D equivalent properties. The table below shows the number of band D equivalent properties in each valuation band.

Band	Number of Properties (after discounts)	Band Ratio	Band D Equivalent 2025-26	Band D Equivalent 2024-25
Disabled A	102	5/9	56.8	52.0
A	27,420	6/9	18,279.7	17,875.1
B	38,384	7/9	29,853.8	29,073.5
C	31,815	8/9	28,280.0	27,817.5
D	20,503	9/9	20,503.1	20,145.9
E	13,403	11/9	16,381.9	16,050.4
F	6,894	13/9	9,958.2	9,797.2
G	4,673	15/9	7,788.5	7,690.5
H	282	18/9	564.4	557.1
	143,476		131,666.4	129,059.2

The following table shows how the surplus on the council tax collection fund on 31 March 2026 is due to be allocated to partners in 2026-27.

Council Tax	CW&C £000	Cheshire Police £000	Cheshire Fire £000	Total £000
(Surplus) / Deficit at 31 March 2026	943	130	44	1,117
To be distributed 2026-27 (from prior year)	(638)	(88)	(30)	(756)
Remaining (Surplus) / Deficit	305	42	14	361

The remaining deficit of £0.361m will be repaid in 2027-28.

Pension Fund Accounts

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Cheshire Pension Fund - Fund Account for the year ended 31 March 2026

2024-25 £000		Notes	2025-26 £000
	Contributions and Benefits		
	Contributions Receivable		
175,388	From Employers		179,175
50,492	From Employees		52,809
225,880	Total Contributions Receivable	6	231,984
16,756	Transfers in from Other Schemes	7	16,972
	Benefits Payable		
(211,395)	Pensions		(221,802)
(44,536)	Lump Sums		(49,370)
(4,906)	Death Benefits		(5,756)
(260,837)	Total Benefits Payable	8	(276,928)
	Payments to and on account of Leavers		
(567)	Refund of Contributions		(782)
(24,784)	Transfers to Other Schemes		(24,184)
(25,351)		9	(24,966)
(43,552)	Net withdrawals from dealing with members		(52,938)
(30,377)	Management Expenses	10/10a	(29,597)
	Returns on Investments		
40,710	Investment Income	11	54,308
(88)	Taxes on Income	12	(66)
97,526	Profits and losses on disposal of investments and changes in the market value of investments	13f	501,702
138,148	Net Returns On Investments		555,944
64,219	Net Increase/(Decrease) in the Fund During the Year		473,409
6,636,726	Opening Net Assets of the Scheme		6,700,945
6,700,945	Closing Net Assets of the Scheme		7,174,354

Cheshire Pension Fund - Net Assets Statement as at 31 March 2026

2024-25 £000		Notes	2025-26 £000
6,691,441	Investment Assets	13f/17/18a/19	7,162,924
873	Long Term Debtors	22	685
23,927	Current Assets	23	26,792
	Payments in Advance		
(15,296)	Current Liabilities	24	(16,047)
6,700,945	Total Net Assets		7,174,354

Note 1 - Description of the Fund

The Cheshire Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Cheshire West and Chester Council (the Council). The Council is the reporting entity for this pension fund.

The following description is a summary only. For more detail, reference should be made to the Cheshire Pension Fund Annual Report and the underlying statutory powers underpinning the scheme.

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

- The LGPS Regulations 2013 (as amended)

- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016

The LGPS is a statutory, defined benefit, funded pension scheme. The Fund is administered by the Council to provide pensions and other benefits for pensionable employees of Cheshire West and Chester, Cheshire East, Halton and Warrington Borough Councils and a range of other scheduled and admitted bodies within the County of Cheshire area. The Fund excludes provision for teachers, fire fighters and police officers as they come within other national pension schemes. A full list of the employers contributing into the Fund is shown at the end of the Fund's Statement of Accounts.

Responsibility for managing the Fund lies with the full Council of Cheshire West and Chester Council. The Council has delegated responsibility for the Fund's affairs to the Chief Operating Officer, who is also the Section 151 Officer. The Chief Operating Officer is advised by the Pension Fund Committee with external advice from Mercer, the Fund's appointed investment consultant, and Hymans Robertson the appointed actuary. The Council's Audit and Governance Committee oversees the Council's arrangements for the Fund.

The Local Pension Board was established with effect from the 1 April 2015 in accordance with the Public Service Pensions Act 2013. The role of the Board, as defined in regulations, is to assist the Administering Authority to ensure the effective and efficient governance and administration of the Fund. The Board is comprised of two Employer Representatives (including one Cheshire West and Chester nominated Councillor), two Scheme Member representatives, and one independent chair (non-voting).

The Cheshire Pension Fund operates four investment strategies each with different allocations to growth assets and diversifying and matching assets reflecting the differing pension liabilities and funding positions of employers. At 1 April 2025 the four strategies were as follows:

	Growth	Diversifying and Matching
Open Employers	50%	50%
Academies	55%	45%
Exiting Employers	50%	50%
Exited Employers	0%	100%

*From April 2026 the number of employer investment strategies has reduced to three as a result of the consolidation of exiting and exited employers into one low risk strategy.

To manage the Fund's assets in accordance with its investment strategy, the Council has appointed external investment managers who each have specific responsibility for part of the Fund's investment portfolio in addition to the LGPS Central asset pool.

As part of investment pooling, the Fund is continuing to transfer assets to LGPS Central Ltd, its jointly owned pooling delivery company. As at the 31 March 2026 LGPS Central Ltd managed

£5,035m (31 March 2025: £3,986m) of the Fund's assets with additional private market commitments of £520m (31 March 2025: £377m) to be drawn down. From 1 April 2026 all of the Fund's assets will be under pool management.

The Council uses the services of Bank of New York Mellon Asset Servicing to independently monitor the performance of the investment strategy as a whole and the contributions of individual managers. Performance is monitored against the Fund's tailored asset allocation benchmark rather than to a peer group benchmark.

Bank of New York Mellon Asset Servicing reported that for the year ending 31 March 2026 the Fund achieved a positive return from its investments of 7.9% (2024-25: +1.6%) compared with the Fund's tailored benchmark return of 7.5% (2024-25: +0.2%). For the three years ending 31 March 2026 the Fund achieved an annualised return of +5.3% per annum against the Fund's benchmark return of +4.2% per annum.

Membership

In accordance with the Government's Automatic Enrolment Legislation, eligible employees are automatically enrolled into the LGPS from their first day of employment. However, membership of the LGPS is voluntary and after auto enrolment employees are able to choose whether to remain in the scheme, opt out of the scheme, re-join at a later date or to make their own personal arrangements outside of the scheme.

Organisations participating in the Fund include:

- Scheduled bodies (scheme employers), which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund; and
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking public sector authority functions following outsourcing.

In the year to 31 March 2026 a total of 447 employer organisations, including the Administering Authority itself, contributed into the Fund. The membership figures as at 31 March 2025 and 2026 are a snapshot of the Funds pensions administration database at this date and the categorisation of members between the active, deferred and pensioner categories is subject to change as the Fund completes backlog casework and receives information from members and employers to complete processes in progress as at this date.

31-Mar-25	Cheshire Pension Fund	31-Mar-26
392	Number of employers making contributions into the fund	447
	Number of employees in the scheme	
9,446	Cheshire West and Chester Council	8,956
37,794	Other employers	38,280
47,240	Total	47,236
	Number of pensioners	
4,365	Cheshire West and Chester Council	4,693
32,469	Other employers	33,924
36,834	Total	38,617
	Number of Deferred pensioners	
4,682	Cheshire West and Chester Council	5,146
26,348	Other employers	27,264
31,030	Total	32,410
3,155	Undecided Leavers	3,991
118,259	Total Membership	122,254

Funding

Benefits are funded by contributions and investment earnings.

Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026.

In addition to employee contributions, employers pay contributions into the Fund which are set through triennial actuarial valuations. The last such valuation was as at 31 March 2025 which set employer contribution rates for the 3 year period commencing 1 April 2026 and ending 31 March 2029. Details of employer rates can be found in the Fund valuation report available on the Fund's website.

Benefits

From 1 April 2014, the LGPS became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay each year at an accrual rate of 1/49th. The accrued pension is inflated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For details, please refer to the scheme handbook which is available from the Fund or visit the website www.cheshirepensionfund.org

Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service, summarised below:

Service pre 1 April 2008	Service post 31 March 2008 to 31 March 2014
Pension	Pension
Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Lump Sum
Automatic lump sum of 3 x pension.	No automatic lump sum
In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up

Note 2 – Basis of Preparation

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

The Code requires disclosure of any accounting standards issued but not yet adopted. There are no changes in accounting requirements for 2026-27 that are anticipated to have a material impact on the Fund’s financial performance or financial position.

The accounts have been prepared on a going concern basis.

Note 3 - Summary of significant accounting policies

Fund Account – revenue recognition

a) Contribution income

Normal (primary) contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate of pensionable pay set in regulations or recommended by the Fund actuary in the payroll period to which they relate.

Employer deficit (secondary) funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund actuary or on receipt if earlier than the due date.

Employers’ augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme regulations (see notes 7 and 9).

Individual transfers in/out are accounted for when they are received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 7).

Bulk (group) transfers are accounted for on a cash basis once terms have been agreed and payment made to/from the respective fund.

c) Investment income

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

Dividend income from equities is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised within investment income at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Any other income from pooled investments is automatically reinvested within the fund and reflected in the unit price and resultant market value of these investments.

Distributions from private markets are treated as return of capital until the book value is nil then treated as income on an accruals basis.

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

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

Foreign income has been translated into sterling at the date of the transaction. Income from overseas investments is recorded net of any withholding tax where this cannot be recovered.

Fund account - expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

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

f) Management Expenses

The CIPFA Code of Practice on Local Authority Accounting (Code) does not require any breakdown of pension fund administration expenses. However, in the interest of greater transparency, the pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016).

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are contractually agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the Fund has negotiated with the following managers that an element of their fee be performance related:

- Baillie Gifford
- Darwin Alternatives

No performance fees were charged by managers in 2025-26 (£2.4m in 2024-25).

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. The total of fees based on estimates in 2025-26 was £4.3m relating to fees due for the quarter ending 31 March 2026 (2024-25: £3.8m).

Administration expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Net Assets Statement**g) Financial Assets**

Cheshire West and Chester Council jointly owns an asset pooling company, LGPS Central Ltd, along with other Partner Funds. The Council's shareholding in the asset pool company is valued at £1.315m which is the transaction price i.e. cost of the investment. The Fund's view is that cost remains an appropriate estimate of fair value as at 31 March 2026.

All other investment assets, with the exception of the loan to LGPS Central Ltd, are included in the financial statements on a fair value basis at the reporting date. Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 18). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in the Practical Guidance on Investments Disclosures (PRAG/Investment Association 2016).

h) Freehold and leasehold properties

The Scheme's freehold and leasehold investment properties were valued by an external valuer, Savills. The valuations were in accordance with the requirements of the RICS Valuation-Professional Standards. The valuation of each property was on the basis of Fair Value, subject to the following assumptions:

- (i) For investment property: that the property would be sold subject to any existing leases.
- (ii) For property held for development: that the property would be sold with vacant possession in its existing condition.

The valuer's opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms.

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits, and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at amortised cost i.e. the outstanding principal receivable as at the year end date, plus accrued interest.

k) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date, excluding creditors which are measured at amortised cost. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 Employee Benefits and relevant actuarial standards.

As permitted under the Code, the Fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

m) Additional voluntary contributions

The Fund provides an Additional Voluntary Contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.

From 1 April 2019, Standard Life were appointed as the sole AVC provider for the Fund. Prior to 1 April 2019 the AVC providers to the members of the Fund were Scottish Widows, Standard Life and Utmost, who took over Equitable Life on 1 January 2020.

Individual member's AVC contributions are paid directly to the AVC provider by their respective employers and are specifically for providing additional benefits for individual members. AVC contributors receive an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2009/3093) but are disclosed as a note only (Note 25).

n) Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of the future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

Note 4 - Critical judgements and key sources of estimation uncertainty

In the application of the Fund's accounting policies, which are described in Note 3, those charged with governance of the Fund are required to make judgements, estimates and assumptions about the values of assets and liabilities which are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 4.1 - Critical Judgements in applying accounting policies

There were no material critical judgements in 2025-26.

Note 4.2 - Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the statement of accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pension fund liability	The pension fund liability is calculated every three years by the Fund's actuary, Hymans Robertson, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with financial standards. Assumptions underpinning the valuations are agreed with the actuary and are disclosed in the actuarial calculation which is included within the Annual Report. This estimate is not included in the net asset statement but is appended to the accounts is subject to significant variances based on changes to the underlying assumptions.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, <ul style="list-style-type: none"> · A 0.5% increase in the discount rate assumption would reduce the value of the liabilities by approximately £450m. · A 0.5% increase in pensions increase rate would increase the value of the liabilities by approximately £435m. · A 0.5% increase in the salaries increase rate would increase the value of the liabilities by approximately £15m.

The items in the net assets statement at 31 March 2026 include the following items of estimation uncertainty which are significant but not material to the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
<p>Private market funds – Consisting of Private Equity, Unlisted Infrastructure, Private Debt and Unlisted Indirect Residential Property Fund</p>	<p>Valuations of these investments are usually undertaken annually at the end of December. Estimated market values or cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.</p> <p>These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.</p>	<p>The total of these private market investments for 2025-26 is £994m (2024-25: £834m). These assets are classified as Level 3 and the sensitivity of the valuation methods employed is described in Note 18.</p>
<p>Absolute Return funds</p>	<p>Absolute Return funds are valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the funds' directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.</p>	<p>The total value of absolute return funds in the financial statements is £429m (£435m in 2024-25). There is a risk due to estimation techniques that the values may change over the forthcoming 12 months. A potential change in the value of these investments of 10% would equate to £42.9m increase or decrease to the market value.</p>
<p>Property valuations</p>	<p>The Scheme's freehold and leasehold investment properties are valued by an external valuer, Savills, who operate entirely independently from the Fund's appointed property manager Patrizia. The valuations are made in accordance with the requirements of the RICS Valuation-Professional Standards. The valuer's opinion of Fair Value is primarily derived using comparable recent market transactions and therefore involves a degree of judgement and estimation.</p>	<p>The total value of direct property investments in the financial statements is £427m (£436m in 2024-25). There is a risk due to estimation techniques that the values may change over the forthcoming 12 months. The sensitivity of this valuation is disclosed in Note 18.</p>

See Note 18 for a full list of possible market movements.

Note 5 – Events after the Balance Sheet date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Non-adjusting events

The Pension Schemes Act 2026 obtained Royal Assent on 29 April 2026. This will have a number of implications on the Fund, none of which will impact the numbers in the statement of accounts for 31 March 2026. The most significant impact will be the new responsibilities of LGPS Central Ltd for the management of the Fund's investments and the changes to LGPS Central outlined in the Related Parties note 26.

Note 6 - Contributions Receivable

2024-25 £000	Contributions Receivable	2025-26 £000
50,492	Employees Normal Contributions	52,809
168,962	Employers Normal Contributions	173,010
2,731	Employers Deficit Funding	896
3,695	Employers Cost of Early Retirements (pension strain)	5,269
175,388	Total Employers Contributions	179,175
225,880	Total Employees and Employers Contributions	231,984

The cost of early retirements represents the contributions from Employers to meet the capitalised costs of discretionary early retirements. The Fund recharges Employers for such costs and the income received is made up of both one-off lump sum payments and instalments.

2024-25		Analysis of Contributions Receivable by Employer	2025-26	
Employers £000	Employees £000		Employers £000	Employees £000
131,911	37,167	Scheme Employers	139,822	40,472
32,230	10,132	Cheshire West & Chester Council	33,904	10,826
9,167	2,677	Community Admission Bodies	2,550	870
2,080	516	Transferee Admission Bodies	2,899	641
175,388	50,492	Total	179,175	52,809

The accounts recognise the full cost due from employers for early retirement contributions based on the date the scheme member left the scheme regardless of whether scheme employers have the option of paying over more than one year.

Note 7 - Transfers in from other Pension Funds

2024-25 £000	Transfers in from other Pension Funds	2025-26 £000
14,284	Transfers from other Local Authorities	14,547
2,472	Transfers from other pension funds	2,425
16,756	Total	16,972

Note 8 - Benefits payable

2024-25 £000	Benefits payable	2025-26 £000
164,012	Scheme Employers	177,094
68,121	Cheshire West & Chester Council	70,513
22,219	Community Admission Bodies	21,964
6,485	Transferee Admission Bodies	7,357
260,837	Total	276,928

Note 9 - Payments to and on account of leavers

2024-25 £000	Payments to and on account of leavers	2025-26 £000
24,784	Individual transfers out	24,184
567	Refunds to Members leaving service	782
25,351	Total	24,966

The transfer out figure will vary year on year depending on the number of people that move to employers outside of the Fund and the value of the pension accrued for these individuals.

The refunds to members leaving service relates to members who opted out of the scheme within two years of joining.

Note 10 - Management expenses

2024-25 £000	Management Expenses	2025-26 £000
24,846	Investment management expenses	23,036
3,282	Administration costs	3,547
2,249	Oversight and governance costs	3,014
30,377	Total	29,597

No costs have been included for carried interest. Included within the investment management expenses and oversight and governance costs are fees paid to LGPS Central Ltd, further details of these fees paid and the amounts are included in Note 26- Related Party Transactions.

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds of sales from investments (see Note 13f).

Note 10a - Investment management expenses

Investment management expenses 2024-25	Total £000	Management fees £000	Performance related fees £000	Transaction costs £000
Equities	3,241	963	2,177	101
Pooled Investments	13,800	13,800	0	0
Pooled Property	536	536	0	0
Private Equity	4,492	4,276	216	0
Private Debt	1,444	1,444	0	0
Property	1,228	1,228	0	0
	24,741	22,247	2,393	101
Custody fees	105			
Total	24,846			

Investment management expenses 2025-26	Total £000	Management fees £000	Performance related fees £000	Transaction costs £000
Equities	865	817		48
Pooled Investments	13,397	12,772		625
Pooled Property	728	728		
Private Equity	4,849	4,849		
Private Debt	1,817	1,817		
Property	1,271	1,271		
	22,927	22,254	0	673
Custody fees	109			
Total	23,036			

Note 10b - External audit costs

2024-25 £000	External audit costs	2025-26 £000
113	Payable in respect of external audit	126
1	Payable in respect of other services	1
114	Total	127

Fees in respect of other services relates to work completed in respect of the IAS19 process which is an audit related non-audit service.

Note 11 - Investment Income

2024-25 £000	Investment Income	2025-26 £000
25,392	Net Rents from Properties	22,871
11,038	Income from Fixed Interest Securities	15,968
535	Dividends from Equities	432
124	Other	112
3,598	Interest from Cash Deposits	2,615
7	Income from Pooled Property	0
16	Stock Lending	157
0	Private Market Income*	12,153
40,710	Total	54,308

*From 2025-26 private market income has been recognised where distributions have been received in excess of the total amount called.

Note 12 - Taxes on income

2024-25 £000	Taxes on income	2025-26 £000
88	Withholding tax - Equities	66
88	Total	66

The Fund is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments.

The Fund is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which the Fund is unable to reclaim in 2025-26 amounted to £66k (2024-25: £88k).

As Cheshire West and Chester Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment and property expenses.

Note 13 - Investment Assets

2024-25 £000	Investment Assets	2025-26 £000
233,516	Equities	239,899
	Pooled Investments	
1,409,269	UK Government Index Linked Gilts	1,681,287
1,367,536	Fixed Income - Multi Strategy	1,415,001
1,818,890	UK Equity Listed	1,861,920
128,700	Infrastructure	156,089
434,809	Hedge Funds	429,293
5,159,204		5,543,590
	Other Investments	
59,659	Pooled Property Investments	78,550
436,400	Directly Managed Property	427,475
442,888	Private Equity	447,941
254,724	Private Debt	347,066
1,193,671		1,301,032
100,394	Cash Deposits	76,447
685	Loans	685
	Other investment balances:	
3,971	Outstanding dividends entitlements and withholding tax claims	1,271
6,691,441	Total	7,162,924

Note 13a - Fixed Income Multi Strategy

The Fund has investments in fixed income investment vehicles, the market value of investments with each manager as at the 31 March 2026 was:

- Janus Henderson Investors- Nil (2024-25: £245m)
- BlueBay- £547m (2024-25: £511m)
- M&G Alpha Opportunities Fund- Nil (2024-25: £304m),
- LGPS Central Emerging Market Debt Fund- £168m (2024-25: £151m)
- LGPS Central Multi Asset Credit Fund- £167m (2024-25: £157m)
- LGPS Central Buy and Maintain Fund- £533m (2024-25: Nil)

The underlying assets of these pooled vehicles are invested by the managers in diversified portfolios of a wide range of fixed income assets including Government Bonds (UK and Overseas), Corporate Bonds, High Yield Bonds, Emerging Market Bonds, Asset and Mortgage Backed Securities, Secured Loans and currency. Within these mandates, each manager may use derivative instruments to manage their exposure to specific risks arising from its investment activities.

Note 13b - Absolute Return Funds

2024-25 £000	Absolute Return Funds	Strategy	2025-26 £000
434,809	Blackstone	Hedge Fund of Funds	429,293
434,809	Total		429,293

Note 13c - Private Equity

2024-25 £000	Private Equity	Number of Funds	2025-26 £000
231,328	Pantheon Ventures	13	207,993
155,571	Adams Street Partners	21	164,349
55,922	LGPS Central Ltd	7	75,534
67	Lexington Partners	1	65
442,888	Total	42	447,941

Note 13d - Loans

The Fund has a £685k loan advanced to LGPS Central Ltd in January 2018. The interest accrued on the loan for the year is £59k. The loan is held at amortised cost in the statement of accounts at a value of £744k at 31 March 2026 (31 March 2025: £750k).

Note 13e - Cash

2024-25 £000	Cash	2025-26 £000
69,624	Cash Instruments	42,154
30,770	Cash Deposits	34,293
100,394	Total	76,447

Note 13f - Reconciliation of movements in Investments

	Fair Value at 31 March 2025	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2026
	£000	£000	£000	£000	£000
Equities	233,516	45,285	(44,669)	5,767	239,899
Pooled Investments	5,159,204	778,159	(878,951)	485,178	5,543,590
Pooled Property Investment	59,659	38,295	(5,030)	(14,374)	78,550
Directly Managed Property	436,400	2,242	(7,519)	(3,648)	427,475
Private Equity	442,888	35,499	(43,930)	13,484	447,941
Private Debt	254,724	90,096	(13,049)	15,295	347,066
Loans	685	0	0	0	685
	6,587,076	989,576	(993,148)	501,702	7,085,206
Cash and Cash Equivalents	100,394				76,447
	6,687,470	989,576	(993,148)	501,702	7,161,653
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	3,971				1,271
Net Investments	6,691,441	989,576	(993,148)	501,702	7,162,924

	Fair Value at 31 March 2024	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2025
	£000	£000	£000	£000	£000
Equities	332,508	59,094	(193,981)	35,895	233,516
Pooled Investments	5,126,476	213,224	(235,892)	55,396	5,159,204
Pooled Property Investment	70,062	8,094	(484)	(18,013)	59,659
Directly Managed Property	368,910	63,120	(745)	5,115	436,400
Private Equity	448,909	30,263	(49,110)	12,826	442,888
Private Debt	182,401	82,266	(16,250)	6,307	254,724
Loans	685	0	0	0	685
	6,529,951	456,061	(496,462)	97,526	6,587,076
Cash and Cash Equivalents	94,084				100,394
	6,624,035	456,061	(496,462)	97,526	6,687,470
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	4,464				3,971
Net Investments	6,628,499	456,061	(496,462)	97,526	6,691,441

Note 14 - Stock Lending

The Fund has a stock lending programme managed by its custodian the Bank of New York Mellon and only accepts government and quasi government bonds as collateral against loaned stock to safeguard the Fund's assets. Under the programme there is a provision that the total value of securities loaned out does not exceed 25% of the total Fund value.

The fair value and credit rating of the collateral accepted is summarised below:

Fair Value of collateral 31 March 2025	% of Fair Value of collateral 31 March 2025		Fair Value of collateral 31 March 2026	% of Fair Value of collateral 31 March 2026
£000	%	Moody's rating	£000	%
2,376	29.7	Aaa	2,173	12.2
0	0.0	Aa1	12,171	68.2
0	0.0	Aa2	0	0.0
5,625	70.3	Aa3	3,495	19.6
8,001	100.0	Grand Total	17,839	100.0
7,561		Value of Stock on Loan	16,531	

In addition, LGPS Central Ltd operate a stock lending programme in respect of their pooled equity funds such as the Global Active Equity Fund, in which the Cheshire Pension Fund invests.

During the year ended 31 March 2026 the Fund earned £157k (2024-25: £16k) of income from its stock lending activities.

Note 15 - Property Holdings

The Fund's investment in property comprises investments in pooled property funds and a number of directly owned properties which are leased commercially to various tenants. Details of income from these directly owned properties are below:

2024-25 £000	Property Income	2025-26 £000
28,199	Rental Income	27,379
(2,807)	Direct Operating Expenses	(4,508)
25,392	Balance at the end of the year	22,871

2024-25 £000	Fair Value of Investment Properties	2025-26 £000
368,910	Balance at the start of the year	436,400
59,837	Purchases	0
(744)	Disposals	(7,519)
3,282	Capital Expenditure	2,242
5,115	Net gain/loss on fair value	(3,648)
436,400	Balance at the end of the year	427,475

Investment properties were independently valued by Savills as at 31 March 2026. During the year the Fund disposed of one retail property.

At the year-end there were no restrictions on the Fund's ability to realise investment property or the remittance of proceeds of disposals.

Contractual obligations for development, repairs and maintenance amount to £0.5m (£2.0m in 2024-25).

Note 16 - Operating Leases

The Fund's property portfolio comprises a variety of units which are leased to organisations with the objective of generating an appropriate investment return.

These leases are all categorised as operating leases due to the relatively short length of the agreements i.e. relative to the overall life of the asset and proportion of the assets overall value. The leases do not meet the assessment criteria for finance leases, and the risks and rewards of ownership of the leased assets are retained by the Fund (and reflected in the Net Assets Statement).

The properties comprise a mix of office, retail and industrial buildings. These leases vary in length from short term to over 25 years.

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

2024-25 £000	Age profile of lease income	2025-26 £000
24,884	No later than one year	23,945
83,398	Between one and five years	68,261
133,070	Later than five years	111,747
241,352	Total	203,953

The above disclosure for 2025-26 and 2024-25 has been reduced by a credit loss allowance of 5% for income due within one year and 3% for the second year onwards reflecting the Fund's expected loss from late or non-recovery of rents from tenants.

With regards to the properties owned and leased by the Fund, all are leased to tenants under contracts that have been assessed as operating leases and which may include periodic rent reviews etc. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease entered into, such as adjustments following rent reviews.

Note 17 – Investment by Fund Manager

2024-25 £000	2024-25 %	Investment by Fund Manager	2025-26 £000	2025-26 %
		Investments managed by LGPS Central Ltd Asset Pool:		
1,784,688	26.7	Legal & General*	2,079,149	29.0
723,607	10.8	All World Equity Climate Multi Factor Fund	762,124	10.6
324,716	4.9	Global Equity Active Multi Manager Fund	273,544	3.8
221,056	3.3	Sustainable Equity Broad Fund	235,824	3.4
174,093	2.6	Sustainable Equity Target Fund	192,565	2.8
157,080	2.3	Multi Asset Credit Fund	167,205	2.3
151,005	2.3	Emerging Market Debt Fund	168,300	2.3
142,744	2.1	Credit Partnership III (Private Debt) Fund	226,616	3.2
111,980	1.7	Credit Partnership II (Private Debt) Fund	120,451	1.7
74,513	1.1	Infrastructure Core / Core Plus Fund	88,482	1.2
49,247	0.7	Infrastructure Single Asset Credit Fund	51,353	0.7
55,922	0.8	Private Equity Funds	75,534	1.1
8,094	0.1	Indirect Property Fund	42,800	0.6
4,940	0.1	Infrastructure Value Add/Oppportunistic	8,184	0.1
0	0.0	Buy and Maintain Fund	532,951	7.4
0	0.0	Infrastructure Co-Invest 2025 Fund	8,069	0.1
2,065	0.0	LGPS Central Ltd Asset Pool	2,059	0.0
3,985,750	59.5	Total	5,035,210	70.3
		Investments managed outside of LGPS Central Ltd Asset Pool:		
511,336	7.6	Bluebay	546,546	7.6
440,307	6.6	Patrizia	431,626	6.0
434,809	6.5	Blackstone	429,293	6.0
306,137	4.6	M&G Investments	0	0.0
244,581	3.7	Janus Henderson	0	0.0
235,343	3.5	Baillie Gifford & Co	241,397	3.4
231,328	3.5	Pantheon Ventures	207,993	2.9
155,571	2.3	Adams Street Partners	164,349	2.3
51,431	0.8	Darwin	22,311	0.3
0	0.0	ABT Leisure Fund	13,439	0.2
33,207	0.5	Deutsche Bank (Money Market)	18,774	0.3
32,903	0.5	Fidelity (Money Market)	19,057	0.3
26,138	0.4	Bank of New York Mellon	30,332	0.4
2,433	0.0	Arrowgrass Capital Partners	2,433	0.0
100	0.0	GMO	99	0.0
67	0.0	Lexington Capital Partners	65	0.0
2,705,691	40.5	Total	2,127,714	29.7
6,691,441	100.0	Total	7,162,924	100.0

From 1 April 2026 all of the Fund's assets will be under pool management.

Note 17a - Concentration of Investments

The CIPFA Code of Practice requires disclosure where there is a concentration of investment which exceeds 5% of the total value of the net assets of the scheme. The following investments fall into this category as follows:

Market Value 31-Mar-25 £000	% of Total Fund	Security Description	Market Value 31-Mar-26 £000	% of Total Fund
1,409,269	21.06	Legal & General - Over 5 Yr Index Linked Gilts	1,681,287	23.47
723,607	10.81	LGPS Central Ltd - All World Equity Climate Multi Factor Fund	762,124	10.64
511,336	7.64	Bluebay - Total Return Diversified Fund	546,546	7.63
0	0.00	LGPS Central Ltd - Buy and Maintain Fund	532,951	7.44
434,809	6.50	Blackstone Partners - Class A1 Initial Series	429,293	5.99

Note 18 - Fair Value - Basis of Valuation

All assets have been valued using fair value techniques, the basis of the valuation of each class of investment asset is set out in the table below. There have been no changes in the valuation techniques used during the year.

Description of Assets	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market Quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Pooled investments	Level 2	Fair value based on the weekly/monthly market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled investments-property funds	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	Net Asset Value based pricing set on a forward pricing basis	Not required
Pooled investments-absolute return funds	Level 3	These are Fund of Fund investments the underlying securities are valued at fair value using closing bid price where bid and offer prices are published closing single price where single price published	Net Asset Value based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by Savills in accordance with the RICS valuation professional standards	Existing lease terms and rentals independent market research nature of tenancies Covenant strength for existing tenants Assumed vacancy levels Estimated rental	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Private equity	Level 3	Comparable valuation of similar companies in accordance with Private Equity and Venture Capital Valuation Guidelines (2022)	Earnings before Interest, Taxes Depreciation and Amortisation (EBITDA) multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Private equity	Level 3	Valued at fair value in accordance with the principles set out under the relevant Financial Accounting Standards Board codification, as supplemented by detailed manager valuation policies which include but are not limited to, enterprise valuation, discounted cash flows and comparable to valuations of similar assets	Comparable valuation of similar assets EBITDA multiple Revenue multiple Discounted cash flows Enterprise value estimation	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Pooled investments-Unquoted Infrastructure	Level 3	At the price or net asset value advised by the manager using the latest financial information available from the respective manager, adjusted for drawdowns and distributions to the final date of the accounting period, if the latest financial information is not produced at that date.	EBITDA multiple Revenue multiple Discount for lack of marketability Discounted cash flows	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

Sensitivity of Assets Valued at Level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026 and 31 March 2025.

	Potential variation on fair value	Value at 31 March 2025	Potential value on increase	Potential value on decrease
		£000	£000	£000
Pooled investments	+/- 5%	1,074,845	53,742	53,742
Pooled Property	+/- 5%	59,526	2,976	2,976
Private Equity	+/- 5%	442,888	22,144	22,144
Private Debt	+/- 5%	254,724	12,736	12,736
Property	+/- 5%	436,400	21,820	21,820
		2,268,383	113,418	113,418

	Potential variation on fair value	Value at 31 March 2026	Potential value on increase	Potential value on decrease
		£000	£000	£000
Pooled investments	+/- 5%	1,131,927	56,596	56,596
Pooled Property	+/- 5%	78,550	3,928	3,928
Private Equity	+/- 5%	447,941	22,397	22,397
Private Debt	+/- 5%	347,066	17,353	17,353
Property	+/- 5%	427,475	21,375	21,375
		2,432,959	121,649	121,649

Note 18a - Fair Value Hierarchy

The valuation of investment assets and liabilities has been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Fair value measurement defines an active market as a market in which transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis, as well as the reporting date. Products classified as level 1 comprise listed equities.

Level 2

Assets and liabilities at level 2 are those whose values are based on quoted market prices that are not as active as level 1 markets, or based on models whose inputs are observable either directly or indirectly for substantially the full term of the asset or liability. Funds classified as level

2 comprise of fixed income multi strategy funds, UK Government Index Linked Gilts, loans, pooled equity funds and listed infrastructure.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would primarily include private equity, absolute return funds, pooled property, fixed income multi strategy funds with less observable inputs than level 2, private debt and unlisted infrastructure investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

Valuations for private market funds including private equity, private debt, unlisted infrastructure and unlisted indirect residential property are usually undertaken annually at the end of December. Estimated market values or cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in absolute return funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent external audit of the individual funds.

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

Note 18a - Assets carried at fair value

Assets carried at Fair Value:

Values at 31 March 2026	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets at fair value through profit and loss				
Equities	238,584	0	0	238,584
Pooled investments	0	4,411,663	1,131,927	5,543,590
Pooled Property	0	0	78,550	78,550
Private Equity	0	0	447,941	447,941
Private Debt	0	0	347,066	347,066
Loans	0	685	0	685
Cash	76,447	0	0	76,447
Accrued Investment Income	1,271	0	0	1,271
Net investment assets	316,302	4,412,348	2,005,484	6,734,134
Non-financial assets at fair value through profit and loss				
Property			427,475	427,475
Total	316,302	4,412,348	2,432,959	7,161,609

Assets carried at cost:

Values at 31 March 2026	Quoted Market Price	Using observable inputs	With significant unobservable inputs	Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Investments in LGPS Central Ltd			1,315	1,315
Investments held at cost	0	0	1,315	1,315

Assets carried at Fair Value:

Values at 31 March 2025	Quoted Market Price	Using observable inputs	With significant unobservable inputs	Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Financial Assets at fair value through profit and loss				
Equities	232,201	0	0	232,201
Pooled investments	0	4,084,359	1,074,845	5,159,204
Pooled Property	0	133	59,526	59,659
Private Equity	0	0	442,888	442,888
Private Debt	0	0	254,724	254,724
Loans	0	685	0	685
Cash	100,394	0	0	100,394
Accrued Investment Income	3,971	0	0	3,971
Net investment assets	336,566	4,085,177	1,831,983	6,253,726
Non-financial assets at fair value through profit and loss				
Property	0	0	436,400	436,400
Total	336,566	4,085,177	2,268,383	6,690,126

Assets carried at cost:

Values at 31 March 2025	Quoted Market Price	Using observable inputs	With significant unobservable inputs	Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Investments in LGPS Central Ltd			1,315	1,315
Investments held at cost	0	0	1,315	1,315

Note 18b - Transfers between levels 1 and 2

No assets were transferred between level 1 and 2 during the year.

Note 18c - Reconciliation of fair value measurements within level 3

	Market Value 1 April 2025	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised Gains/ (Losses)	Realised Gains	Market Value 31 March 2026
	£000	£000	£000	£000	£000	£000	£000	£000
Absolute return funds	434,809				(53,655)	28,062	20,077	429,293
Direct Property	436,400			2,242	(7,519)	5,197	(8,845)	427,475
Private equity	442,888			35,499	(43,930)	2,094	11,390	447,941
Pooled Property	59,526			38,295	(4,891)	10,740	(25,120)	78,550
Fixed income	511,336			1,388	(3,696)	33,822	3,696	546,546
Infrastructure	128,700			26,771	(6,998)	6,332	1,283	156,088
Private debt	254,724			90,096	(13,049)	13,150	2,145	347,066
Total	2,268,383	0	0	194,291	(133,738)	99,397	4,626	2,432,959

Absolute return funds, fixed income and infrastructure funds are included within the pooled investment figure shown in Note 18a.

Note 18d - Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the market value of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

Note 18d - Classification of Financial Instruments

Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
31 March 2025				31 March 2026		
£000	£000	£000		£000	£000	£000
233,516			Financial Assets			
5,159,204			Equities	239,899		
59,659			Pooled Investments	5,543,590		
442,888			Pooled Property	78,550		
254,724			Private Equity and Joint Venture	447,941		
			Private Debt	347,066		
	685		Loans		685	
	97,492		Cash		73,221	
	3,099		Other Investment balances		346	
	24,227		Debtors		27,353	
6,149,991	125,503	0		6,657,046	101,605	0
			Financial Liabilities			
		(10,415)	Creditors			(10,555)
6,149,991	125,503	(10,415)	Total	6,657,046	101,605	(10,555)

Note 18e - Net Gains and Losses on Financial Instruments

2024-25 £000		2025-26 £000
	Financial Assets	
92,411	Fair value through profit and loss	505,348
92,411	Total	505,348

Cheshire West & Chester as administering authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 19 - Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce risk exposure to market risk (price risk, currency risk and interest rate risk) and credit risk

to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet forecast cash flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Risk management policies were established to identify and analyse the risks faced by the Council's pension operations. Policies are reviewed regularly to reflect changes in activity and in market changes.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

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

Other price risk - sensitivity analysis

In consultation with the Fund's investment advisers and, following analysis of historical data and expected investment return movement during the financial year, the Council has determined that

the following movements in market price risk are reasonably possible for the 2025-26 reporting period:

Potential market movements	Asset Type	Potential market movements
31-Mar-25		31-Mar-26
% (+ / -)		% (+ / -)
25.0	Private Equity	20.4
21.4	Global Equities - Emerging	19.9
18.7	Global Equities - Developed	14.2
16.5	Infrastructure - Listed	17.3
11.0	Infrastructure - Unlisted	9.8
18.7	UK Equities	14.2
25.0	Pooled Property Funds	20.4
13.0	Indirect Residential Property	11.8
9.9	Private Debt	6.2
10.5	High Yield	6.6
7.1	Absolute Return Funds	5.2
8.1	Corporate Bonds	5.8
10.9	Government Bonds	5.7
0.7	Cash	0.9

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset Type	Value at 31 March 2026	Percentage Change	Change in Value on increase	Change in Value on decrease
	£000	%	£000	£000
Government Bonds	1,681,287	5.70	95,833	(95,833)
Global Equities - Developed	1,650,144	14.20	234,320	(234,320)
Corporate Bonds	868,456	5.80	50,370	(50,370)
High Yield	546,546	6.60	36,072	(36,072)
Cash	76,134	0.90	685	(685)
Private Equity	447,941	20.40	91,380	(91,380)
Absolute Return Funds	429,293	5.20	22,323	(22,323)
Global Equities - Emerging	176,999	19.90	35,223	(35,223)
UK Equities	144,643	14.20	20,539	(20,539)
Investment Income Due	288	0.00	0	0
Private Debt	347,066	6.20	21,518	(21,518)
Infrastructure - Listed	125,805	17.30	21,764	(21,764)
Infrastructure - Unlisted	156,089	9.80	15,297	(15,297)
Pooled Property Funds	35,750	20.40	7,293	(7,293)
Indirect Residential Property	42,800	11.80	5,050	(5,050)
Equities - LGPS Central Ltd	1,315	0.00	0	0
Loans - LGPS Central Ltd	744	0.00	0	0
Total assets available to pay benefits	6,731,300		657,667	(657,667)

Asset Type	Value at 31 March 2025	Percentage Change	Change in Value on increase	Change in Value on decrease
	£000	%	£000	£000
Government Bonds	1,409,269	10.90	153,610	(153,610)
Global Equities - Developed	1,685,114	18.70	315,116	(315,116)
Corporate Bonds	856,200	8.10	69,352	(69,352)
High Yield	511,336	10.50	53,690	(53,690)
Cash	98,761	0.70	691	(691)
Private Equity	442,888	25.00	110,722	(110,722)
Absolute Return Funds	434,809	7.10	30,871	(30,871)
Global Equities - Emerging	139,928	21.40	29,945	(29,945)
UK Equities	73,891	18.70	13,818	(13,818)
Investment Income Due	3,034	0.00	0	0
Private Debt	254,724	9.90	25,218	(25,218)
Infrastructure - Listed	150,890	16.50	24,897	(24,897)
Infrastructure - Unlisted	128,700	11.00	14,157	(14,157)
Pooled Property Funds	51,432	25.00	12,858	(12,858)
Indirect Residential Property	8,227	13.00	1,070	(1,070)
Equities - LGPS Central Ltd	1,315	0.00	0	0
Loans - LGPS Central Ltd	750	0.00	0	0
Total assets available to pay benefits	6,251,268		856,015	(856,015)

The above table excludes direct property due to the illiquidity of this asset type.

Interest rate risk

The Fund invests in a number of interest bearing instruments such as Government bonds, corporate bonds and secured loans for the primary purpose of obtaining a return on those investments. These investments were subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

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

2024-25 £000	Asset Type	2025-26 £000
2,776,805	Corporate and Government Bonds	3,096,289
65,978	Cash balances	37,769
34,416	Cash and cash equivalents	38,678
2,877,199	Total	3,172,736

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis points (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

The £3,096m fair value of the bond mandates managed by BlueBay, Legal and General and the Emerging Market Debt Fund, Multi Asset Credit Fund and Buy and Maintain Fund managed by LGPS Central are particularly sensitive to movements in interest rates. This sensitivity is measured by their duration of 3.70, 16.68, 6.49, 3.48 and 4.17 years respectively.

A 100BPS increase in the prevailing level of interest rates would decrease the aggregate fair value of these mandates by £339.6m (£301.0m in 2024-25). Likewise a 100BPS decrease in the level of interest would be expected to increase the fair value of these mandates by a similar amount.

The analysis that follows assumes that all other variables, in particular exchange rates remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset Type	Duration	Carrying amount at 31 March 2026	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash and Cash Equivalents		38,678		
Cash Balances		37,769		
Fixed Income - BlueBay	3.70	546,546	(20,222)	20,222
Fixed Income - Legal and General	16.68	1,681,287	(280,439)	280,439
Fixed Income - LGPSC EMD Fund	6.49	168,300	(10,923)	10,923
Fixed Income - LGPSC MAC Fund	3.48	167,205	(5,819)	5,819
Fixed Income - LGPSC Buy and Maintain Fund	4.17	532,951	(22,224)	22,224
Total change in assets available		3,172,736	(339,627)	339,627

Asset Type	Duration	Carrying amount at 31 March 2025	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash and Cash Equivalents		34,416		
Cash Balances		65,978		
Fixed Income - M&G	2.54	303,534	(7,710)	7,710
Fixed Income - Janus Henderson	4.12	244,581	(10,077)	10,077
Fixed Income - BlueBay	3.46	511,336	(17,692)	17,692
Fixed Income - Legal and General	17.60	1,409,269	(248,031)	248,031
Fixed Income - LGPSC EMD Fund	6.99	151,005	(10,555)	10,555
Fixed Income - LGPSC MAC Fund	4.50	157,080	(7,069)	7,069
Total change in assets available		2,877,199	(301,134)	301,134

A 1% increase in interest rates will not affect the interest received on fixed interest assets but could reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Any cash surplus to the Funds immediate requirements is held in money market funds which earn interest for the Fund. In the year to 31 March 2026 interest earned in these funds equated to £2.3m (2024-25: £3.1m) a change of 1% to the interest rate during the year would have increased or decreased interest received by approximately £520k (2024-25: £621k).

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's liabilities are denominated in GBP but as part of its investment strategy the Fund invests in assets denominated in foreign currencies, which exposes the Fund to the risk of movement in exchange rates. The Fund's investment managers may, at their own discretion, hedge part or all of the foreign exchange risk inherent in their portfolio.

The Fund's currency rate risk is routinely monitored by the Fund and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following tables summarise the Fund's net currency exposure, after hedging, as at 31 March 2026 and 31 March 2025:

Currency Exposure - Asset Type	Gross Exposure	Hedging Exposure	Net Exposure
2025-26	£000	£000	£000
Overseas Listed Equities	240,678		240,678
Overseas Unquoted Securities	372,407		372,407
Total	613,085	0	613,085

Currency Exposure - Asset Type	Gross Exposure	Hedging Exposure	Net Exposure
2024-25	£000	£000	£000
Overseas Listed Equities	235,312		235,312
Overseas Unquoted Securities	386,966		386,966
Overseas Unit Trusts	133		133
Total	622,411	0	622,411

Currency risk - sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisers, the Fund considers the likely volatility associated with foreign exchange rate movements to be 5.3% (as measured by one standard deviation) for 2024-25 this was 5.0%.

A 5.3% fluctuation in the currency risk is considered reasonable based on the Fund adviser's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 5.3% strengthening/weakening of the GBP against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Net Currency Exposure - Asset Type	Asset Values	Change to net assets available to pay benefits	
	2025-26	+5.3%	-5.3%
	£000	£000	£000
Overseas Listed Equities:	240,678	12,756	(12,756)
Of which from United States Dollar	169,280	8,972	(8,972)
Of which from Hong Kong Dollar	28,119	1,490	(1,490)
Of which from other currencies	43,279	2,294	(2,294)
Overseas Unquoted Securities:	372,407	19,737	(19,737)
Of which from United States Dollar	360,704	19,117	(19,117)
Of which from Euro	11,703	620	(620)
Total	613,085	32,493	(32,493)

Net Currency Exposure - Asset Type	Asset Values	Change to net assets available to pay benefits	
	2024-25	+5.0%	-5.0%
	£000	£000	£000
Overseas Listed Equities:	235,312	11,765	(11,765)
Of which from United States Dollar	179,081	8,954	(8,954)
Of which from Hong Kong Dollar	21,227	1,061	(1,061)
Of which from other currencies	35,004	1,750	(1,750)
Overseas Unquoted Securities:	386,966	19,348	(19,348)
Of which from United States Dollar	380,559	19,028	(19,028)
Of which from Euro	6,407	320	(320)
Overseas Unit Trusts:	133	7	(7)
Of which from Euro	133	7	(7)
Total	622,411	31,120	(31,120)

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the market value of the Fund's financial assets and liabilities.

In essence the Fund's investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The primary credit risk to the Fund is through its fixed interest instruments, however the majority of the Fund's fixed income assets are investment grade quality (above BBB rated) sovereign or corporate bonds rated.

Multi Asset

The Fund's aggregate exposure to credit risk through these mandates as measured by the credit rating of external agencies is summarised in the table below:

S&P Quality Rating	Fair Value 2024-25	% of Fair Value of Fixed Income Assets	Fair Value 2025-26	% of Fair Value of Fixed Income Assets
	£000	%	£000	%
AAA	75,426	3	30,719	1
AA	1,508,892	54	1,748,452	56
A	383,889	14	254,743	8
BBB	228,766	8	374,719	12
Below BBB	478,133	17	513,660	17
Cash	67,014	2	30,333	1
NR	34,685	2	143,663	5
Total	2,776,805	100	3,096,289	100

Deposits were not made with banks and financial institutions unless they were rated independently and met the Fund's credit criteria. The Fund also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the Fund invests an agreed percentage of its assets in the money markets to provide diversification. Money market funds chosen all have at least an AA rating from a leading ratings agency.

The Fund believes it has managed its exposure to credit risk and has experienced only a very small amount of non collectable debt in recent years. Any recognised credit losses are disclosed in Note 28. The Fund's cash holding under its treasury management arrangements as at 31 March 2026 was £37.8m (31 March 2025: £66.0m) and was held in the Deutsche Bank and Fidelity money market accounts. The remainder of the cash was held by the Fund's custodian, Bank of New York Mellon with a small amount of cash in transit which was held by the Fund's property investment manager.

2025-26 Counterparty	Moody's Rating	£000	% of cash balances
Bank of New York Mellon (Money Market Cash / Cash Accounts)	P1	35,452	46.4
Fidelity Worldwide Investment (Money Market)	Aaa-mf	19,057	24.9
Deutsche Bank Advisors (Money Market)	A1	18,712	24.5
Cash in Transit	NR	3,226	4.2
Total		76,447	100.0

2024-25 Counterparty	Moody's Rating	£000	% of cash balances
Bank of New York Mellon (Money Market Cash / Cash Accounts)	P1	31,513	31.4
Fidelity Worldwide Investment (Money Market)	Aaa-mf	32,903	32.8
Deutsche Bank Advisors (Money Market)	A1	33,075	33.0
Cash in Transit	NR	2,903	2.8
Total		100,394	100.0

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments.

The Fund has immediate access to its Pension Fund cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. Illiquid assets can include assets where:

- a) there are no highly liquid active markets, such as investment properties and private equity or,
- b) individual fund structures, where the Fund's investment is locked in for a specific period or where the investment manager may have the ability to 'gate' or limit investors withdrawal from the fund.

As at 31 March 2026 the value of illiquid assets was £1,421.4m, which represented 20% of the total fund assets (31 March 2025: £1,270.8m which represented 17% of the total fund assets).

In terms of liquidity risk, the Fund had £76.4m (2024-25: £100.4m) of cash balances as at 31 March 2026 and net current assets of £10.7m (£8.6m in 2024-25). The Fund's net cash flow, before taking account of investments and excluding management expenses, as at 31 March 2026 was -£52.9m (-£43.6m in 2024-25). Income from investments supports the cash flow for the year to ensure there is no significant risk that the Fund will be unable to meet its current commitments.

All current liabilities are due to be paid in less than one year.

Other risks

Financial mismatch –

1. The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities.
2. The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.

Changing demographics –

The risk that longevity improves and other demographic factors change increasing the cost of Fund benefits.

Systemic risk -

The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Fund liabilities.

The Council measures and manages financial mismatch in two ways. As indicated above, it has set a strategic asset allocation benchmark for the Fund. It assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Fund prepares regular cash flow forecasts to understand and manage the timing of cash flows. The appropriate strategic level of cash balances to be held is a central consideration in preparing the Fund's annual investment strategy.

The Council keeps under review mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions were considered formally at the triennial valuation.

The Council seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Note 20 - Funding Arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2025. The next valuation is at 31 March 2028.

The key elements of the funding policy are:

- To ensure long-term solvency of the Fund
- To ensure that sufficient funds are available to meet all members/dependants' benefits as they fall due for payment;
- To ensure that employer contribution rates are reasonably stable where appropriate;
- To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return;
- To reflect the different characteristics of employers in determining contributions rates;
- To have a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- To use reasonable measures to reduce risk to other employers including tax raising employers from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over each employer's payment period and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2025 valuation, the fund was assessed as 136% funded (113% at the March 2022 valuation). This corresponded to a surplus of £1,781m (2012 valuation: £822m) at that time.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the Funding Strategy Statement. Individual employer's contributions for the period 1 April 2026 to 31 March 2029 were set in accordance with the Fund's funding policy as set out in the Funding Strategy Statement.

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership. A market related approach was taken to valuing the liabilities for consistency with the valuation of the Fund assets at their market value.

The principal assumptions were:

Financial assumptions	Real
Discount rate	5.90%
Salary increase assumption	3.00%
Benefit increase assumption (CPI)	2.30%

Longevity assumptions

Assumed life expectancy at age 65	Male	Female
Current Pensioners	21.5 Years	24.4 Years
Future Pensioners*	22.1 Years	25.6 Years

*Aged 45 at the valuation date

Note 21 - Actuarial value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2025-26 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 Accounting and Reporting by Retirement Benefit Plans refers to as the actuarial present value of promised retirement benefits. There are three options for disclosure.

The Fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

Note 22 - Long Term Debtors

2024-25 £000	Long term assets	2025-26 £000
	Long Term Debtors:	
831	Reimbursement of lifetime tax allowances	685
42	Employer contributions	0
873	Total	685

Note 23 - Current Assets

2024-25 £000	Current Assets	2025-26 £000
	Current Debtors and cash:	
17,498	Contributions Due - Employers	19,611
4,080	Contributions Due - Employees	4,330
3,724	Sundry Debtors	3,715
(2,175)	Provision for Doubtful Debt	(1,240)
228	Payments in advance	253
572	Cash and cash equivalents	123
23,927	Total	26,792

Note 24 - Current Liabilities

2024-25 £000	Current Liabilities	2025-26 £000
5,599	Sundry Creditors	3,306
4,816	Benefits Payable	7,249
4,881	Receipts in Advance	4,718
0	Cash and cash equivalents	774
15,296	Total	16,047

Note 25 - Additional Voluntary Contributions (AVCs)

From the 1 April 2019 Standard Life were appointed as the sole AVC provider for the Fund. Prior to 1 April 2019 the AVC providers to the members of the Fund were Scottish Widows, Standard Life and Utmost who took over Equitable Life on 1 January 2020.

The AVCs are invested separately from the Fund's main assets and used to acquire additional pension benefits and therefore are not included in the Fund's accounts in accordance with regulation 4 (1) (a) of the LGPS (Management and Investment of Funds) Regulations 2016. Members participating in these AVC arrangements each receive an annual statement confirming the amounts held in their account and the movements during the year.

A summary of the information provided by Scottish Widows, Standard Life and Utmost for the year to 31 March 2026 is shown below, along with a prior year comparator.

	Scottish Widows	Standard Life	Utmost	Total
	£000	£000	£000	£000
Contributions received in year 2026	78	2,124	1	2,203
Contributions received in year 2025	63	1,684	1	1,748
Fair value at 31 Mar 2026	1,562	7,513	286	9,361
Fair value at 31 Mar 2025	1,829	6,086	297	8,212

Note 26 - Related Party Transactions**Cheshire West & Chester Council**

The Fund is administered by Cheshire West and Chester Council. During the reporting period, the Council incurred costs of £4.608m (2024-25: £5.806m) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses. The Fund repays cash due to the Council for such transactions plus any interest charges on a monthly basis. In 2025-26 the Fund paid £21.7k (2024-25: £29.3k) to the Council for interest accrued on these balances.

The Council is one of the largest participating employers and contributed £33.9m into the Fund in 2025-26 (2024-25: £32.2m). At the year end, a balance of £3.774m (2024-25: £3.624m) was due to the Fund from the Council, primarily relating to contributions which were paid in April but became due in March. A balance of £91.0k was owed to the Council (2024-25: £193.1k) for recharges from the Council in relation to the administration and management of the Fund.

The Fund has not made any employer related investment at any time during the period.

Pension Fund Committee and Local Pensions Board

Specific declarations have been received from Pension Fund Committee and Local Pension Board Members regarding membership of and transactions with any parties related to the Pension Fund.

A number of Members act as Councillors or Board Members of particular employers who maintain a conventional employer relationship with the Fund. Employer representatives for the Local Pension Board also act as Trustees for employers of the Fund.

The value of transactions with each of these related parties, namely routine monthly payments to the Fund of employer's and employee's contributions is determined by the Local Government Pension Scheme Regulations, and as such no related party transactions have been declared.

A register of outside bodies that Members are appointed to, along with a register of interests is available on the websites of Cheshire West and Chester, Cheshire East, Warrington and Halton Councils.

Details of the membership of the Local Pension Board are available on the Fund's website.

Investment Pooling

LGPS Central Ltd has been established to manage investment assets on behalf of Local Government Pension Scheme (LGPS) administering authorities. In 2025-26 it was jointly owned in equal shares by the eight administering authorities participating in the Pool. From 1 April 2026 there are fifteen administering authorities participating in the Pool, of which fourteen are shareholders owning equal shares. A Fiduciary Management Agreement was also entered into with LGPS Central to become the Fund's principal adviser and manager of the Fund's investments going forward.

In 2017-18 the fund invested £1.315m in share capital and granted a loan of £685k to LGPS Central Ltd. In 2025-26 interest of £58k (2024-25: £65k) accrued on the loan balance to give a balance at the end of the year of £743k (2024-25: £750k). The share capital was valued at cost at the end of the year at £1.315m.

During the year the Fund incurred charges for the running costs of LGPS Central Ltd totalling £1.751m (2024-25: £1.200m) and joint pool governance costs of £23k (2024-25: £13k).

The Fund has £202m committed to LGPS Central Private Equity Funds. During the year the Fund paid £18.7m calls to these funds and received £3.5m in distributions (£14.1m calls were made and £3.1m distributions were received in 2024-25).

The Fund has committed £510m to the LGPS Private Debt Funds. During the year the Fund paid £90.1m calls to these funds and received £11.2m in distributions. (£82.3m calls were made and £14.8m distributions were received in 2024-25).

The Fund has committed £320m to LGPS Central Infrastructure Funds. During the year the Fund paid £26.8m calls to these funds and received £5.9m in distributions. (£12.0m calls were made and £7.5m distributions were received in 2024-25).

The Fund has committed £100m to the LGPS Central Residential Indirect Property Partnership Fund. During the year the Fund paid £34.1m calls into this fund and £250k distributions were received. (£8.1m calls were made in 2024-25).

The market values at the end of the year of all investments with LGPS Central are shown in Note 17.

Investment management fees of £9.1m (2024-25: £8.2m) were incurred on the Fund's investments managed by LGPS Central Ltd.

Governance

Responsibility for managing the Fund lies with the full Council of Cheshire West and Chester Council. The Council has delegated responsibility to the Chief Operating Officer who is also the s151 officer. The Chief Operating Officer is advised by the Pension Fund Committee and external advice from Mercer the appointed investment consultant. The Fund also receives actuarial advice from Hymans Robertson. The Council's Audit and Governance Committee has oversight of the Council's governance arrangements for the Fund.

The Local Pension Board was established with effect from the 1 April 2015. The role of the Board, as defined in regulations, is to assist the Administering Authority to ensure the effective and efficient governance and administration of the LGPS.

From January 2004 elected members who were offered membership of the Scheme under their respective Council's scheme of allowances were eligible to join the Scheme. From the introduction of the new scheme in 2014 Councillors in England could only continue to accrue rights until the end of the term of office which they were serving on 1 April 2014. As a consequence, all councillors ceased membership of the scheme from 12 May 2015 including those members of the Pension Fund Committee who had been active members of the Scheme. From 11 May 2026 Councillors are once again able to opt in to join the pension scheme.

Councillor Dennett and Neil Harvey are active members of the Fund, Councillor Neil was an active member of the pension fund and retired in the 2025-26 year, so is now in receipt of pension benefits from the Fund. In addition to this there are a further three members of the Committee who are in receipt of pension benefits from the Fund (Councillor M Jones, Councillor A Smith and Neil Harvey). Councillor Corcoran had a deferred pension as at 31 March 2026.

There are three members of the Local Pension Board who were active members of the Fund as at 31 March 2026; G. Wright, J Lambert and K Lennon.

Each member of the Committee and Board is required to declare their interests at each meeting.

As the Fund forms part of the LGPS it does not have trustees. The members of the Committee do not receive any fees in relation to their specific responsibilities as members of the Committee, although they may be reimbursed for any out of pocket expenses incurred whilst discharging their Committee role.

Similarly the members of the Board do not receive any fees in relation to their specific responsibilities as members of the Board, although they may be reimbursed for any out of pocket expenses incurred whilst discharging their role.

Further information on Fund governance can be found in the Fund's Governance Compliance Statement available on the Fund's website at www.cheshirepensionfund.org.

Key Management Personnel

The key management personnel of the Fund are the Chief Operating Officer, Director of Finance and Head of Pension Fund. Short term and long term benefits were lower for 31 March 2025 due to the Head of Pension Fund post being vacant from July 2024 to August 2025.

The combined financial value of their relationship with the fund (in accordance with IAS24 Related Party Disclosures) is set out below:

31-Mar-25 £000		31-Mar-26 £000
71	Short term benefits	120
191	Long term/post-retirement benefits	335
262	Total	455

The long term/post-retirement benefits are calculated on an IAS19 basis and will be affected by the assumptions used for the calculation which can vary from year to year.

Note 27 - Contingent Liabilities and Contractual Commitments

The Fund has contractual commitments to the value of £1,008m (2024-25: £939m) in private equity funds.

As at 31 March 2026 the Fund had actually invested £765m (2024-25: £738m). As the Pantheon, Lexington and Adam Street Partner funds are denominated in US Dollars and Euros the commitment in Sterling is subject to changes due to currency fluctuations.

The Fund has contractual commitments to the value of £510m (2024-25: £510m) in private debt funds. As at 31 March 2026 the unfunded commitment to these Funds was £157m (2024-25: £248m).

The Fund has contractual commitments to the value of £320m (2024-25: £135m) in infrastructure funds. As at 31 March 2026 the unfunded commitment to these Funds was £175m (2024-25: £15m).

The Fund has contractual commitments to the value of £100m (2024-25: £50m) to the LGPS Central Residential Indirect Property Partnership Fund. As at 31 March 2026 the unfunded commitment was £57m (2024-25: £42m).

There are 12 admitted bodies in the Cheshire Pension Fund who hold insurance bonds to guard against the possibility of being unable to meet their pension obligations, along with an additional 24 employers with Parent Company Guarantees or Deeds of Guarantee in place. The bonds or guarantees are drawn in favour of the Council as administering authority for the Fund and payment will only be triggered in the event of employer default.

Note 28 - Impairment of Financial Assets

During 2025-26 the Fund has recognised expected credit losses of £1.2m (2024-25: £2.2m) for possible and actual non-recovery of rental income on its investment properties.

Note 29 - Investment Strategy Statement

The Investment Strategy Statement (ISS) sets out the current investment strategy of the Fund, provides transparency in relation to how the Fund's investments are managed, acts as a high level risk register, and has been designed to be informative for all stakeholders. The ISS also includes the Fund's Responsible Investment Policy which sets out the Fund's approach to the governance and stewardship of its investment assets.

A full copy of the ISS is available on the Fund's website at: www.cheshirepensionfund.org

Note 30 - Funding Strategy Statement

Under the LGPS Regulations 2013 (as amended) administering authorities are required to prepare a Funding Strategy Statement (FSS).

Fund members' accrued benefits are guaranteed by statute. Members' contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members (net of returns from the Fund's investments). The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

The Funding Strategy Statement is available on the Fund's website at: www.cheshirepensionfund.org

Admitted Bodies - Continued		Strategy	Other Employers - Continued		Strategy
Orian Solutions Ltd - Pewithall*		OPEN	Holmes Chapel Parish Council		OPEN
Orian Solutions Ltd - Shaw Education Trust*		OPEN	Kingsley Parish Council*		OPEN
Orian Solutions Ltd - St Mary's*		OPEN	Kingsmead Parish Council		OPEN
Orian Solutions Ltd - Victoria Road*		OPEN	Knutsford Town Council		OPEN
Orian Solutions Ltd – Westfield*		OPEN	Lymm Parish Council		OPEN
Ringway Jacobs		OPEN	Macclesfield College		OPEN
Sanctuary Housing Association		CLOSED	Macclesfield Town Council		OPEN
Starcare		OPEN	Mersey Gateway Crossing Board		OPEN
Tarmac Trading Limited		OPEN	Middlewich Town Council		OPEN
Torus 62		OPEN	Nantwich Town Council		OPEN
Torus 62 Foundation		OPEN	Neston Town Council		OPEN
Trafalgar UK Theatres Crewe Limited		OPEN	Northwich Town Council		OPEN
TuVida		OPEN	NW Fire Control Limited		OPEN
University Of Chester		OPEN	Odd Rode Parish Council		OPEN
Via Community Ltd		OPEN	Pickmere Parish Council		OPEN
Warrington Housing Association		OPEN	Poulton with Fearnhead Parish Council		OPEN
Brio Leisure (CWaC CIC)		OPEN	Poynton with Worth Parish Council		OPEN
			Reaseheath College		OPEN
			Riverside College		OPEN
			Sandbach Town Council		OPEN
			Sandymoor Parish Council		OPEN
			Shavingham cum-Gresty Parish Council		OPEN
			Stockton Heath Parish Council		OPEN
			Warrington & Vale Royal College		OPEN
			Warrington Transport		OPEN
			West Cheshire Facilities Management		OPEN
			Wilmslow Town Council		OPEN
			Winsford Town Council		OPEN
			Winwick Parish Council		OPEN
			Wybunbury Parish Council		OPEN
			Your Housing Group		OPEN
Other Employers		Strategy	Free Schools		Strategy
Alderley Edge Parish Council		OPEN	Grosvenor Park CoE Academy		ACADS
Alsager Town Council		OPEN	Sandbach School		ACADS
Appleton Parish Council		OPEN	Sandymoor School		ACADS
Avenue Services (NW) Ltd		OPEN	St Martins Academy		ACADS
Barnton Parish Council		OPEN			
Birchwood Town Council		OPEN			
Bollington Town Council		OPEN			
Brereton Parish Council		OPEN			
Chelford Parish Council		OPEN			
Cheshire College South & West		OPEN			
Congleton Town Council		OPEN			
Crewe Town Council		OPEN			
Cuddington Parish Council		OPEN			
Delamere and Oakmere Parish Council		OPEN			
Disley Parish Council		OPEN			
Edsential		OPEN			
Edsential - Ashley*		OPEN			
Edsential - Astmoor*		OPEN			
Edsential - Brookvale*		OPEN			
Edsential - Castle View*		OPEN			
Edsential - Cavendish*		OPEN			
Edsential - Fairfield*		OPEN			
Edsential - Lunts Heath*		OPEN			
Edsential - Moorfield*		OPEN			
Edsential - Runcorn*		OPEN			
Edsential - Shaw Education Trust*		OPEN			
Edsential - St Clements*		OPEN			
Edsential - St Edwards*		OPEN			
Edsential - St Martins*		OPEN			
Edsential - St Michaels*		OPEN			
Edsential - The Catholic High School*		OPEN			
Equans Service Limited*		OPEN			
Everybody Sport + Recreation		OPEN			
Frodsham Town Council		OPEN			
Grappenhall and Thelwell Parish Council		OPEN			
Hale Parish Council*		OPEN			
Handforth Parish Council		OPEN			
Hartford Parish Council		OPEN			

Academies	Strategy
Acorns Primary School and Nursery	ACADS
Acresfield Primary School	ACADS
Acton CE Primary Academy	ACADS
Adelaide Heath Academy	ACADS
Adelaide School	ACADS
Adlington Primary Academy	ACADS
Alderman Bolton Community Primary School	ACADS
All Hallows Catholic College	ACADS
Alsager Highfield Community Primary School	ACADS
Alsager School	ACADS
Appleton Thorn Primary School	ACADS
Ash Grove Academy	ACADS
Astbury St Mary's CoE Primary School	ACADS
Audlem St James CE Primary School	ACADS
Axis Academy	ACADS
Barnton Primary School	ACADS
Beamont Primary School	ACADS
Beaumont Collegiate Academy	ACADS
Belgrave Academy	ACADS
Bewsey Lodge Primary School*	ACADS
Bexton Primary School	ACADS
Birchwood High School	ACADS
Bishops Blue Coat CofE High School	ACADS
Black Firs Primary School	ACADS
Blessed Carlo Acutis Catholic & CofE Academy.	ACADS
Bosley St Marys CE Primary School	ACADS
Boughton Heath Academy	ACADS
Bradshaw Community Primary School*	ACADS
Brereton CoE Primary School	ACADS
Bridgewater High School	ACADS
Bridgewater Park Primary School	ACADS
Brine Leas School	ACADS
Broken Cross Primary Academy	ACADS
Brook Acre Community Primary School*	ACADS
Brookfields School	ACADS
Broomfields Junior School	ACADS
Bruche Primary School	ACADS
Bunbury Aldersey CofE Primary School	ACADS
Burtonwood Community Primary School	ACADS
Callands Community Primary School*	ACADS
Calvey Primary Academy	ACADS
Capenhurst CofE Primary School*	ACADS
Cavendish High Academy	ACADS
Chapelford Village Primary School	ACADS
Cheshire Academies Trust	ACADS
Childer Thornton Primary School	ACADS
Christ The King Primary School	ACADS
Christleton High School	ACADS
Cinnamon Brow CofE Primary School*	ACADS
Cledford Primary School*	ACADS
Cloughwood School	ACADS
CLTA	ACADS
Clutton CoE Primary School	ACADS
Comberbach Primary School	ACADS
Congleton High School	ACADS
Cornerstone Academy	ACADS
County High School Leftwich	ACADS

Academies - Continued	Strategy
Cranberry Academy	ACADS
Crewe Engineering UTC	ACADS
Croft Primary School	ACADS
Cuddington Primary School	ACADS
Culcheth Community Primary School*	ACADS
Dallam Community Primary School*	ACADS
Daresbury Primary School	ACADS
Daven Primary School	ACADS
Davenham CofE Primary School*	ACADS
Delamere Primary School	ACADS
Disley Primary School	ACADS
Ditton Primary School	ACADS
Dodleston CofE Primary School*	ACADS
Eaton Bank School	ACADS
Eaton Primary School	ACADS
Egerton Primary School	ACADS
Ellesmere Port Catholic High School	ACADS
Elworth Hall Primary School	ACADS
Evelyn Street Primary School	ACADS
Excalibur Primary School	ACADS
Frodsham Primary Academy	ACADS
Gainsborough Primary & Nursery School*	ACADS
Gawsworth Primary School	ACADS
Glazebury Primary School	ACADS
Gorse Covert Primary School	ACADS
Gorsebank Primary School	ACADS
Grange Community & Primary School	ACADS
Great Sankey High School	ACADS
Great Sankey Primary School	ACADS
Hallwood Park Primary School and Nursery*	ACADS
Halton Lodge Primary School	ACADS
Handforth Grange Community Primary School	ACADS
Hartford Primary School	ACADS
Haslington Primary School	ACADS
Hebden Green Community School*	ACADS
Highfields Community Primary School	ACADS
Hollinhey School	ACADS
Hollins Green St Helens CoE Primary School	ACADS
Holmes Chapel Comprehensive School	ACADS
Holmes Chapel Primary School	ACADS
Hoole Church of England Primary School*	ACADS
Hungerford Primary School	ACADS
Hurdsfield Primary School*	ACADS
Huxley Church of England Primary School	ACADS
Ivy Bank Primary School	ACADS
Kelsall Primary School	ACADS
Kings Leadership Academy	ACADS
Knutsford Academy	ACADS
Lacey Green Primary Academy	ACADS
Lache Primary School*	ACADS
Leftwich Primary School	ACADS
Leighton Academy	ACADS
Little Bollington Primary School	ACADS
Little Leigh Primary School	ACADS
Little Sutton CoE Primary School	ACADS
Locking Stumps Community Primary School*	ACADS
Lostock Graham CofE Primary School*	ACADS

Academies - Continued	Strategy
Lostock Hall Primary School	ACADS
Lower Park School*	ACADS
Lower Peover Primary School*	ACADS
Lymm High School	ACADS
Macclesfield Academy	ACADS
Malbank School and Sixth Form College*	ACADS
Manor Park Primary School	ACADS
Marlborough Primary School	ACADS
Marlfields Primary Academy	ACADS
Meadow Primary School*	ACADS
Meadowside Community Primary School	ACADS
Middlewich High School	ACADS
Mill View Primary School	ACADS
Millfields Primary School and Nursery	ACADS
Monks Coppenhall Academy	ACADS
Mossley CE Primary School	ACADS
Mottram St Andrew Primary Academy	ACADS
Nantwich Primary Academy	ACADS
Neston High School	ACADS
Nether Alderley Primary School	ACADS
New Horizons School	ACADS
Norley CE Primary School*	ACADS
North West Academies	ACADS
Oak View Primary Academy	ACADS
Oakfield Lodge School	ACADS
Oakwood Avenue Primary School	ACADS
Offley Primary Academy	ACADS
Oldfield Primary School*	ACADS
Ormiston Bolingbroke Academy	ACADS
Ormiston Chadwick Academy	ACADS
Oughtrington Primary School	ACADS
Our Lady's Catholic Primary School*	ACADS
Over Hall Community School	ACADS
Overleigh St Mary's CE Primary School*	ACADS
Padgate Academy	ACADS
Palacefields Academy	ACADS
Park Road Primary School	ACADS
Parklands Community Primary School	ACADS
Parkroyal Community School	ACADS
Pear Tree School	ACADS
Penketh High School	ACADS
Penketh Primary School	ACADS
Penketh South Primary School	ACADS
Peover Superior Primary School	ACADS
Pikemere School	ACADS
Poynton High School	ACADS
Priestley 6th Form College	ACADS
Puss Bank School	ACADS
Queens Park High School	ACADS
Ravensbank Primary School	ACADS
Rudheath Primary School	ACADS
Rudheath Senior Academy	ACADS
Sandbach High School & 6th Form	ACADS
Sandbach Primary Academy School	ACADS
Sandiway Primary School	ACADS
Shavington Academy	ACADS
Shavington Primary School	ACADS

Academies - Continued	Strategy
Simms Cross Primary School	ACADS
Sir John Deanes College	ACADS
Sir Thomas Boteler High School	ACADS
Sir William Stanier Community School	ACADS
Smallwood CofE Primary Academy	ACADS
St Albans Catholic Primary School	ACADS
St Augustines Catholic Primary School	ACADS
St Bernards RC Primary School	ACADS
St Berteline's CE Primary School*	ACADS
St John's CofE Academy, Sandbach*	ACADS
St Joseph's Catholic Primary School	ACADS
St Margarets CE Primary*	ACADS
St Marys Catholic Primary School	ACADS
St Marys Catholic Primary School - Middlewich*	ACADS
St Mary's Church of England Primary School, Halton*	ACADS
St Michael with St Thomas Primary School	ACADS
St Michaels Community Academy	ACADS
St Oswalds CofE Aided Primary School	ACADS
St Oswalds Worleston Primary School	ACADS
St Pauls Catholic Primary School	ACADS
St Philip (Westbrook) CofE Aided Primary School*	ACADS
St Thomas' C E Primary*	ACADS
St Thomas More Catholic High School	ACADS
St. Benedict's Catholic Primary School*	ACADS
Stapeley Broad Lane Primary School	ACADS
Statham Primary School School	ACADS
Stretton - St Matthews CofE Primary School	ACADS
Tarporley High School & 6th Form College	ACADS
Tarvin Primary School	ACADS
The Berkeley Academy	ACADS
The Catholic High School - Chester	ACADS
The Ellesmere Port C of E College	ACADS
The Fallibroome Academy	ACADS
The Fermain Academy	ACADS
The Grange School	ACADS
The Great Schools Trust*	ACADS
The Heath Academy	ACADS
The Hermitage Trust	ACADS
The Oaks Academy	ACADS
The Quinta Primary School	ACADS
The Raise Academy*	ACADS
The Russett School	ACADS
Thelwell Primary School	ACADS
Tytherington School	ACADS
Underwood West Academy	ACADS
University Technical College (UTC) Warrington	ACADS
Upton Heath CoE Primary School	ACADS
Upton Priory School	ACADS
Victoria Road Primary School	ACADS
Wade Deacon High School	ACADS
Warrington CofE Primary School	ACADS
Weaverham High School	ACADS
Weaverham Primary Academy	ACADS
Westbrook Old Hall School	ACADS
Westminster Community Primary School	ACADS
Weston Point Primary Academy	ACADS
Weston Village Primary School	ACADS

Academies - Continued	Strategy
Wheelock Primary School	ACADS
Whirley Primary School	ACADS
Whitley Village School	ACADS
Widnes Academy	ACADS
Willaston Primary Academy	ACADS
William Stockton Community Primary School	ACADS
Willow Wood Community Nursery and Primary School*	ACADS
Wilmslow Academy	ACADS
Wimboldsley Community Primary School	ACADS
Winsford Academy	ACADS
Wistaston Academy	ACADS
Wistaston Church Lane Academy	ACADS
Wolverham Primary and Nursery School	ACADS
Woodfall Primary and Nursery School*	ACADS
Woolston Community Primary School	ACADS
Worth Primary School	ACADS
Wybunbury Delves Primary School	ACADS

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2025/26 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Cheshire Pension Fund. (“the Fund”).

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19.

There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 2026	31 March 2025
Active members (£m)	1,712	1,907
Deferred members (£m)	1,128	900
Pensioners (£m)	2,726	2,216
Total (£m)	5,566	5,023

The promised retirement benefits at 31 March 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2026 and 31 March 2025. I estimate that the impact of the change in financial assumptions to 31 March 2026 is to decrease the actuarial present value by £122m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £56m.

Financial assumptions

Year ended	31 March 2026	31 March 2025
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.00%	2.75%
Salary Increase Rate	3.70%	3.45%
Discount Rate	6.20%	5.80%

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.6 years	24.5 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.3 years	25.7 years

All other demographic assumptions have been updated since last year and are as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2026	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	90
1 year increase in member life expectancy	4%	223
0.1% p.a. increase in the Salary Increase Rate	0%	3
0.1% p.a. increase in the Rate of CPI Inflation	2%	87

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2026' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

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8 May 2026

For and on behalf of Hymans Robertson LLP



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Glossary of Terms

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Accumulating paid absences

Benefits that employees receive as part of their contract of employment, the entitlement to which is built up as they provide services to the Council, e.g. annual leave, flexi leave.

Actuary

An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme Actuary reassesses the rate of employer contributions to the Pension Fund every three years.

Agency services

Services the Council provides for other organisations, or services other organisations provide for the Council.

Amortisation

The process of charging capital expenditure, usually on intangible non-current assets, to the accounts over a suitable period of time.

Amortised cost

Amortised cost is the real amount at which the financial instrument is measured rather than the payments made under a contract.

Asset Ceiling

Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan.

Assets held for sale

Property (land or a building, or part of a building) which is expected to be sold within the next 12 months and is therefore held primarily as a means of generating a capital receipt.

Associate

Where the Council exercises a significant influence and has a participating interest in a company.

Better Care Fund (BCF)

The BCF is a pooled budget between the Council and the Integrated Care Board (ICB).

Budget

A statement of the Council's expected level of service and spending over a set period, usually one year.

Capital Adjustment Account

The Capital Adjustment Account is made up of amounts set aside from revenue resources or capital receipts to pay for spending on non-current assets or for repaying external loans and certain other capital financing transactions.

Capital Assets

See Non-current Assets.

Capital expenditure

Expenditure on the acquisition of a Non-current asset or expenditure that extends the useful life or operational capability of an existing asset.

Capital financing

The means by which capital expenditure incurred by the Council is funded. Usually such funding comprises grants, contributions from third parties, receipts from the sale of assets, contributions from Council reserves and borrowing.

Capitalisation

The classification of expenditure as capital rather than revenue, subject to the condition that the expenditure yields a benefit to the Council for a period of more than one year.

Capital receipts

Proceeds received from the sale of capital assets. The proceeds are set aside in the Capital Receipts Reserve in order to repay the Council's borrowings or to finance new capital expenditure.

Capital Receipts Reserve

A reserve held to provide an alternative source for financing future capital expenditure, and to ensure some stability in the level of capital programmes that can be financed.

CIPFA

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

Collection Fund

A fund administered by the Council to record all income collected from local taxpayers and business ratepayers and shows how this is passed on to other public authorities.

Community assets

Assets that the local authority intends to hold forever, that have no determinable useful life and that may have restrictions on their disposal. (e.g. parks).

Consistency

The principle that the same accounting treatments are used from year to year so that useful comparisons can be made. Any significant change in policies must be declared in the accounting statements.

Contingencies

Sums set aside to meet either the potential costs of activities expected to occur during the year, over and above those costs included in the services budgets (pay and price), or items which are difficult to predict in terms of financial impact or timing (uncertain items).

Council Tax

The means of raising money locally to pay for local authority services. This is a property-based tax where the amount levied depends on the valuation of each dwelling.

Council Fund / General Fund

The Council's main revenue fund to which all revenue receipts are credited, and from which revenue liabilities are discharged. The movement on the fund in year represents the excess of income over expenditure once notional charges and credits have been replaced by the amounts required to be funded from Council Tax.

Creditors

Amounts owed by the Council for goods or services that it has received but for which payment had not been made by 31 March 2026.

Current Assets and Liabilities

Current assets are cash and items that can be readily converted into cash. Current liabilities are items that are due for payment immediately or in the short term. By convention these items are ordered by reference to the ease that the asset can be converted into cash, and the timescale in which the liability falls due.

Current Service Cost (IAS 19 term)

Employer pension contributions charged during the year have been removed from the Comprehensive Income and Expenditure Statement and replaced with an amount (i.e. current service cost) which reflects the increase in the scheme liabilities expected to arise from employee membership of the Scheme in the year of account.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtors

Amounts owed to the Council at 31 March 2026, where services have been delivered but payment has not been received.

Defined Benefits Pension Scheme

A pension scheme which is constructed to provide pre-determined pension benefits for retired members, with employers' and employees' contribution rates being calculated based on actuarial assumptions.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, age or obsolescence through technological or other changes. There are different ways to attribute the cost of the asset over its economic life, of which the most common are straight line method and reducing balance method.

- Straight line depreciation method – the useful life of the asset is estimated, for instance at 3 years for IT equipment or 5 years for a vehicle, and the cost of the asset is divided equally over that number of financial years.
- Reducing balance method – the value of the asset is reduced by a non-current percentage each year, reflecting a greater loss of value in earlier years.

Depreciated historic cost

The value of an asset shown in the Balance Sheet calculated from the original cost less depreciation to date.

Derecognition

The removal of an asset or liability from the Balance Sheet as it has been extinguished, for example, the settling of a liability by paying the creditor.

Discounting

Process of determining the present value of a payment or a stream of payments that is to be received in the future.

Discretionary benefits

Retirement Benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

Donated assets

Assets transferred at nil value or acquired at less than fair value.

Earmarked Reserves

These reserves represent monies set aside that can only be used for a specific usage or purpose.

Effective interest rate

The rate of interest that would discount expected cash flows throughout the life of the financial instrument down to the fair value of the asset calculated at initial measurement.

Entity

For accounting purposes, an 'entity' is a business, division or other aspect of an organisation that requires its own financial reporting structure for legal or tax purposes.

Events after the Balance Sheet date

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

Exceptional items

Items that derive from the ordinary activities of the Council and are material in terms of the Council's overall expenditure but not expected to recur frequently or regularly.

Expected Credit Losses

Defined as the weighted average of credit losses with the respective risks of a default occurring as the weights.

Expected return on assets (IAS 19 term)

The average rate of return expected on the actual assets held by the scheme.

Fair value

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

Fair Value Through Profit and Loss

Classification is dependent on the contractual terms (i.e. solely payments of principle and interest (SPPI) on the principle outstanding), if any other kind of payment is included the instrument will fail the test and fall into the FVTPL class. The primary objective is to hold the financial asset by any other means than to collect contractual cash flows.

Fair Value Through Other Comprehensive Income

Objective is to receive contractual cash flows and sell the financial asset. The terms give rise to specified cash flow on specific dates and must be solely principal and interest (SPPI) on outstanding balance. Election can be made where changes to the value can be reported in Other Comprehensive Income and Expenditure.

Finance lease

An arrangement whereby the owner of an asset (the lessor) accepts a rental in return for allowing another party (the lessee) use of an asset for a specified period, such that substantially all of the risks and rewards associated with ownership are transferred to the lessee.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities and includes trade debtors, investments, trade creditors and borrowings.

Financial Instrument Revaluation Reserve

Unusable Reserve that holds financial instrument unrealised gains and losses. These amounts will only become available to provide services once the gain/loss has been realised and the financial asset has either been disposed of or reached maturity.

General reserves

These are amounts set aside for use in future years, not earmarked for any specific purpose.

Grants and Contributions

Grants and contributions are assistance in the form of transfers of resources to an authority in return for past or future compliance with certain conditions relating to the activities of the Council. They exclude those forms of assistance which cannot reasonably have a value placed upon them and transactions with organisations which cannot be distinguished from the normal service transactions of the authority.

Heritage Assets

Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, civic regalia, museum and gallery collections and works of art.

Housing Revenue Account (HRA)

Local authorities are required to maintain a separate account. This sets out expenditure and income arising from the provision of Council housing.

Impairment

A reduction in the value of a non-current asset arising from physical damage to the asset, dilapidation or obsolescence.

Income

Income is defined as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in reserves or net worth. Amounts which the Council receives, or expects to receive, from any source.

Indexation

Indexation is used to apply an inflationary increase to assets in the years between professional valuations. The purpose of applying indexation to asset values is to ensure the value of an asset is kept materially up to date for movements in variables, e.g. build costs, rental income etc. The use of a specific index is not mandated by the Code, but it should provide a reasonable estimate of the movement in the value of an asset from the prior year.

Infrastructure

The Council's network of roads, pavements and bridges.

Infrastructure assets

Non-current assets that are held by the Council in perpetuity and cannot be given or taken away. Spending on these assets is recoverable only by continued use of the asset created (e.g. highways and footpaths).

Intangible Non-current Assets

Expenditure incurred on those non-current assets that do not have physical substance but which are separately identifiable and provide the Council with a right of use for a period in excess of one year.

Interest Cost (IAS 19 term)

A financing charge reflecting the increases in the present value of scheme liabilities.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards form a principles based set of standards that establish broad rules and dictate specific accounting treatments. The Code of Practice on Local Authority Accounting in the UK (the Code), interprets IFRS accounting principles for local government and recognises the following hierarchy of standards on which accounting treatment and disclosures should be based:

- International Financial Reporting Standards (IFRS)
- International Public Sector Accounting Standards (IPSAS)
- UK Generally Accepted Accounting Practice (UK GAAP)

IFRS16 Leases

An accounting standard that became mandatory for implementation by Local Authorities from 1st April 2024. Its main impact is to remove the traditional distinction between Finance Leases and Operating Leases for lessees. This will require recognition of Assets and Liabilities for most leases.

Inventories

Raw materials and consumable goods bought but not yet used at the end of the accounting period.

Investments

Short term investments comprise deposits of temporary surplus funds with banks or similar institutions. Long term investments comprise similar funds held for a period of more than one year.

Investment properties

Assets that are available for immediate sale, where there is a committed plan to sell the asset, an active marketing programme and where the sale is highly probable within 12 months.

Joint Control

Where decisions about the relevant activities of an arrangement require the unanimous consent of all the parties sharing control.

Joint Operation

Where the Council and another party have joint control of an arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

Joint Venture

Where the Council and another party exercise joint control over a company.

Loans and receivables

Assets that have fixed or determinable payments but are not quoted in an active market.

Long term borrowing

The main element of long-term borrowing comprises of loans that have been raised to finance capital expenditure projects.

Market value

The monetary value of an asset determined by current market conditions at the Balance Sheet date.

Materiality

The concept that any omission from or inaccuracy in the Statement of Accounts should not be so large as to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in statute) that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

Non-Domestic Rate (NDR)

The government levies a standard rate on all properties used for commercial purposes and cannot increase it by any more than the Retail Price Index. The rates are collected by Councils, and are then shared between Central Government, the Billing Authority (Council) and other bodies in proportion to prescribed shares.

Net book value

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non-current Asset

An asset which is intended to be in use for several years such as a building or a vehicle. These may be tangible or intangible.

Operating lease

An arrangement similar to a finance lease where the risks and rewards associated with ownership remain with the lessor.

Operational assets

Non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost (IAS 19 term)

The increase in the scheme liabilities arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept

Amounts the Council is required to raise from Council Tax on behalf of other authorities.

Prepayments

Amounts paid by the Council in 2025-26 in relation to goods and services not received until 2026-27.

Prior year adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. They do not include minor corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

A means of securing new assets and associated services in partnership with the private sector.

Projected Unit Method (IAS 19 term)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Provisions

Amounts set aside to meet costs that are likely or certain to be incurred but where the amount of cost or timing of payment is uncertain.

Receipts in advance

Amounts received by the Council during 2025-26 relating to goods or services delivered in 2026-27.

Right of Use Asset

An asset that represents a lessee's right to use an asset for the lease term.

Related party

A person or organisation which has influence over another person or organisation.

Remeasurements (IAS19 term)

For a defined benefit pension scheme, the changes in the value of a schemes assets and liabilities as a result of the changes to the underlying assumptions concerning their value, as opposed to any performance or activity in year.

Reserves

Specific amounts set aside for future policy purposes or to cover contingencies. There are two types of reserve: usable reserves which are available to meet current expenditure, and unusable reserves which are not. Most revenue reserves are capable of being used, but the Revaluation Reserve, Capital Adjustment Account, and the Financial Instruments Adjustment Account cannot be used to meet current expenditure.

Retirement benefits

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

Revaluation Reserve

Revaluation Reserve is intended to hold surpluses or deficits arising from the regular revaluation of non-current assets.

Revenue expenditure

Revenue expenditure is spending on the day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Certain expenditure can be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a Non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax.

Revenue Support Grant (RSG)

Central Government grant support towards local government expenditure.

Scheme liabilities

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

Section 151 Officer

The Officer designated to assume overall responsibility for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts.

Section 106

Section 106 (S106) agreements are contracts signed between the Council and a developer whereby both parties agree to work in partnership to mitigate the negative impacts of development in the local area.

Special Educational Needs and Disability (SEND)

A child or young person has special educational needs and disabilities if they have a learning difficulty and/or a disability that means they need special health and education support.

Service concession

An arrangement under which the Council passes to a third party an obligation to deliver a service to the public on its behalf. Organisations delivering services under a service concession arrangement are effectively doing so as an extension of the Council, so any assets employed by

them to deliver the contracted services are reported on as if they were the Council's own. This is commonly the case for Private Finance Initiative contracts.

Settlements and Curtailments (IAS 19 term)

Settlements are liabilities settled at a cost materially different to the IAS 19 reserve during the year. Curtailments represent the cost arising from early payment of accrued pensions in respect of any redundancies during the year.

Slippage

This is when delays occur in capital works and therefore payments are not made in the financial year originally anticipated.

Solely Payments of Principle and Interest

The classification of a financial asset depends on whether its contractual terms give rise on specific dates to cash flows that are solely payments of principle and interest.

Subsidiary

Where the Council either wholly or by majority controls a company.

Tangible Non-current Assets

Non-current assets of physical substance and which yield benefits to the Council for a period of more than one year.

Useful life

The period over which the local authority will derive benefits from the use of a non-current asset.

Vested rights

In relation to a defined benefit scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme
- b) for deferred pensioners, their preserved benefits
- c) for pensioners, pensions to which they are entitled

They include where appropriate the related benefits for spouses or other dependants.