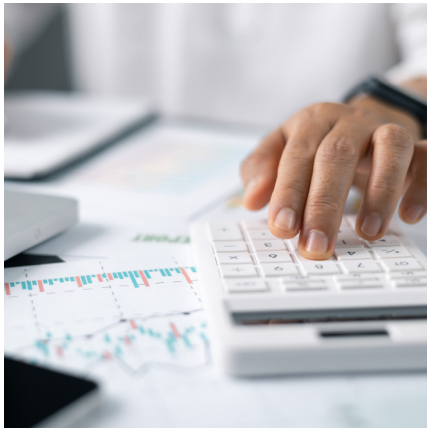

WARWICKSHIRE COUNTY COUNCIL

STATEMENT OF ACCOUNTS 2025-2026



Warwickshire County Council

Statement of Accounts

Section A: Narrative Report

Section B: Warwickshire County Council Statement of Accounts

Section C: Warwickshire County Council Annual Governance Statement

Section D: Warwickshire Pension Fund Statement of Accounts

Introduction

I am pleased to introduce our Statement of Accounts for 2025/26. The purpose of these accounts is to present a true and fair view of the Council's financial results for the year and of its assets and liabilities at the end of the year.

This narrative report is set out in five parts:

- **Part 1** summarises what the Council does, how it operates and its plans for the future;
- **Part 2** explains how we resource our activities, including the external factors that influence decisions and the key risks to delivering our priorities;
- **Part 3** summarises our financial and service performance in 2025/26 and how effectively we have used our resources;
- **Part 4** sets out our outlook for the coming year, including the main pressures we expect to face and how we are responding; and
- **Part 5** explains the basis on which the 2025/26 financial statements have been prepared and presented.

On 31 March 2026, the global and national financial environment remained uncertain. Inflationary pressures had eased from their peak but remained elevated, and geopolitical instability had increased risks around energy prices, supply chains and wider economic growth. Higher interest rates, continued cost pressures and sustained demand for services were placing pressure on households,

businesses and public finances, including in Warwickshire.

Looking ahead, the conflict in the Middle East adds a further risk to the economic outlook. Any disruption to energy supply routes or wider trade flows could increase volatility in energy prices, raise transport and production costs, and add to inflationary pressures. For public services, this could mean higher operating costs, continued pressure on budgets and greater demand for support, reinforcing the need for financial discipline and flexibility in medium-term planning.

One of the most significant financial challenges facing the Council is still the growing Dedicated Schools Grant (DSG) deficit, driven by pressures within the High Needs Block. This has been mitigated in the short term through the DSG statutory override, the High Needs Stability Grant, and recent national announcements that include increased high needs funding and a commitment to address historical cumulative DSG deficits as part of wider SEND reforms. However, the underlying position remains unsustainable, and a long-term resolution is dependent on the successful delivery of national reforms to funding and provision.

Despite these financial challenges, the Council will continue to deliver against its three strategic priorities set out in the new Council Plan, Recalibrating Warwickshire: to improve services; build a new, better form of local government for Warwickshire; and transform for the future.

Rob Powell

Executive Director for Resources and s.151 Officer



Organisational Overview

2025/26 was the last year of the previous 2022/27 Council Plan, and 2026/27 will be the first year of Warwickshire County Council’s new Council Plan, Recalibrating Warwickshire 2026–30. The Council Plan sets out the strategic direction, priorities and ambitions of the Council for the period to 2030, providing a clear framework for decision making, service delivery and financial planning.

The Council Plan sets out a clearer focus on improving front-line services, securing better value for money, reducing unnecessary bureaucracy and preparing for major change in local government. It recognises the scale of the challenge facing local government, including rising demand for statutory services, financial pressures, technological change and the transition to new local government structures in Warwickshire, while also setting out how the Council will work with residents, communities, partners and businesses to improve outcomes over the period to 2030.



The approach to delivering the Council Plan is fully integrated. The Council Plan sets the strategic direction for 2026–30, while the Council Delivery Plan translates this into a rolling programme of actions and deliverables. The Medium-Term Financial Strategy aligns funding to those priorities and supports the Council’s four common goals of improving value for money, optimising technology and innovation, empowering local communities and delivering excellence. Together, these frameworks help the Council respond to changing conditions while maintaining financial resilience and focusing resources on the areas where they can make the greatest difference.

The Council Plan and Medium-Term Financial Strategy are supported by the Council Delivery Plan which sets out a defined programme of delivery against our strategic ambitions on a rolling two-year basis. The Medium-Term Financial Strategy will require regular reviews to remain dynamic, robust, ambitious and deliverable, and will be updated annually.

At the heart of these is the Council’s commitment to working with partners and communities to identify solutions to the challenges we face; to build on existing strengths and successes and to learn and improve from our experiences.

The Council Delivery Plan aligns with the new Council Plan, *Recalibrating Warwickshire 2026–30*. Its delivery is framed by three core aims, six Areas of Focus and four common goals that guide how we prioritise activity and resources.

- delivering the Council’s three-part mission: to improve services, build a new and better form of local government for Warwickshire, and transform for the future;
- focusing on six Areas of Focus: Safe and strong childhoods; Living well in Warwickshire; Building brighter futures; Economy, growth, jobs and skills; Highways and transport; and Proud places and safe communities;

- working to four common goals that underpin the Plan: improving value for money, optimising technology and innovation, empowering local communities and delivering excellence;

The Council will deliver these priorities in a challenging and changing environment. The main risks and delivery challenges are closely linked: rising demand is increasing financial pressure, public sector reform is changing how local government may operate, and the Council must continue to improve services while maintaining strong governance and resilience.

- Demand and financial pressure in statutory services, particularly children’s services, adult social care, SEND and home to school transport;
- Local government reorganisation, including the need to maintain service continuity, workforce stability, strong governance and clear accountability through transition;
- Protecting vulnerable children and adults, improving outcomes and strengthening early help, prevention, family resilience and community-based support;
- Infrastructure and place pressures, including highways, transport, digital connectivity, flooding, biodiversity, waste and other practical improvements needed as the county grows;
- Improving value for money by reviewing contracts, reducing waste and bureaucracy, making better use of technology and ensuring that resources are focused where they make the greatest difference;
- Workforce capacity, capability and resilience, including the need to recruit, retain and develop skilled staff in key front-line and specialist services;
- Digital transformation, data and technology delivery, including cyber security, information governance and the resilience of critical systems; and

- The financial sustainability of the SEND system and the accumulated Dedicated Schools Grant deficit, pending wider national reform and a sustainable long-term funding solution, including the High Needs Stability Grant due in 2026/27.

Politically, Warwickshire County Council has 57 councillors, who are elected every four years. The latest elections were held on 1 May 2025. Based on the Council's current official councillor listings by political party, the Council comprises 19 Reform UK councillors, 14 Liberal Democrat councillors, 8 Conservative councillors, 6 Green Party councillors, 4 Independent councillors, 3 Labour councillors, 2 Restore Britain councillors and 1 councillor representing the Whitnash Residents' Association. The Council makes its executive decisions via a Cabinet of ten members, including the Leader of the Council.

Warwickshire's Councillors are responsible for setting and overseeing the strategic direction of the Council and its budget, and for scrutinising performance. Further details of the governance arrangements in the Council are included in the Annual Governance Statement, published alongside this document.

Organisationally, in 2025/26 Warwickshire was structured with four Directorates: Communities (including Fire & Rescue), Children & Young People, Social Care & Health and Resources. Each Directorate is headed by an Executive Director who sits on the Council's Corporate Board alongside the Chief Executive. Services within each Directorate contribute to the delivery of the Council Plan's six Areas of Focus and four Common Goals, supported by service plans, budget accountability and a strengthened Performance Management Framework. Performance is monitored regularly through key

business measures and reported to Directorate Leadership Teams and Members.

At the end of the year, we had the equivalent of 4,422 full-time employees and a quarter of our spending each year is on staffing. Warwickshire's employees are responsible for translating Councillors' strategic decisions into actions. The 'Our People' Strategy sets out the key principles to ensure we have a workforce that is fit for purpose to deliver the Council Plan.

The Council collaborates with a number of external partner organisations to plan and deliver its intended outcomes. These include neighbouring councils including Coventry City Council, Solihull Metropolitan Borough Council, and the five Warwickshire District and Borough Councils, and we are an active non-constituent member of the West Midlands Combined Authority. We work closely with local NHS organisations, particularly through the Health and Wellbeing Board and the Coventry and Warwickshire Integrated Care Board. We also work with a number of other bodies, including:

- Warwickshire Police;
- Central Government departments;
- National and local voluntary and community sector organisations, and charities;
- Academy schools and academy trusts in and outside of Warwickshire;
- Local universities and other academic organisations;
- Local industry and businesses; and
- Town and Parish Councils in Warwickshire.

Further details of the Council's priorities, outcomes, delivery arrangements and supporting strategies are set out in the Council Plan, Council Delivery Plan and related strategy framework.

Funding Our Activities

The Medium-Term Financial Strategy underpins the delivery of the Council Plan and is agreed as part of the budget-setting process which concludes in February each year. Taking a medium-term approach allows for a more coordinated and planned approach to

prioritisation and allows services to focus on delivery knowing the financial limits and constraints within which they are required to operate. Within the budget resolutions, the Council confirms and applies a number of fundamental financial strategies and policies.

Revenue and capital spending

We use our resources in two ways, through day-to-day revenue spending and long-term capital investment. Broadly, our revenue spending relates to income received in year and spending on operational activity within the year. Most of our salary costs are included in revenue expenditure. Our capital spending relates to assets we have bought, created, or improved and which will be used for more than one year.

Revenue allocations are made to services through a process which balances demand forecasts, inflation and other price increases, compliance with our statutory duties and the investment choices which the Council wishes to make to improve services or reduce costs. By law, we must set a balanced budget which ensures that the Council meets not only its existing commitments but also remains on a firm footing for the future.

Revenue Funding		2025/26		2026/27
		£m		£m
Original gross income budget at start of year				
Business Rates	-----	94.7	-----	91.4
Council Tax	-----	413.3	-----	435.9
Government Grants	-----	169.8	-----	200.6
Customer and Client Receipts	-----	173.5	-----	164.3
Total Revenue Funding (Before Dedicated Schools Grant)		851.3		892.2
Dedicated Schools Grant	-----	338.0	-----	353.3
Total Revenue Funding	-----	1,189.3	-----	1,245.5

The figures shown above for Government grants include a number of grants which come with conditions that limit our discretion in how they can be used. We receive the Dedicated Schools Grant from Government to meet the cost of funding schools and relevant pupil-related services, including Special Educational Needs and Disabilities; this is presented separately in the table above. We continuously

review how we deploy these resources for maximum impact.

Our capital funding is the combination of external income which must be spent on capital (such as specific grants or contributions and the receipts from the sale of our assets) and the extent to which the Council borrows to meet the costs associated with long-term capital investment.

Capital Funding

Budget for the year after adjusting for previous year’s outturn

	2026/27	2027/28	2028/29 and later
	£m	£m	£m
Capital Grants and Contributions	85.0	69.3	157.8
Receipts from the Sale of Assets and Repayment of Loans	22.1	30.6	58.5
Borrowing (to be repaid from revenue resources)	171.3	57.3	88.0
Total Capital Funding	278.4	157.2	304.3

Our capital allocations are made in line with the Council’s Capital Strategy, which includes three key elements:

- capital maintenance works to ensure our assets continue to be fit for purpose and able to support the provision of services;
- replacement of assets that have reached the end of their useful life; and
- capital investment to create and develop new assets.

Each element has several strands that ensure a clear focus on the purpose of capital spending and the prioritisation of proposals, underpinned by specific service asset management strategies.

Allocations included in the maintenance programme meet one of the following three criteria:

- maintaining our assets to ensure services can continue to be delivered;
- statutory health and safety and other regulatory requirements; and
- annual equipment and/or vehicle replacement programmes.

Our annual maintenance programme includes allocations from the government grants received for schools and highways maintenance plus the Asset Replacement Fund used for the replacement of vehicles, plant and equipment where this is more cost effective than leasing. We also finance some capital building maintenance from borrowing.

The Asset Replacement Fund has been retained to alleviate the pressure on service

revenue budgets to fund the costs of replacing vehicles, plant and equipment and to avoid the depletion of capital resources set aside for new investment. A review of the fund balance is undertaken annually as part of the refresh of the capital budget to ensure the level of funding is consistent with the emerging needs from Services' asset management plans.

The Capital Investment Fund is held separately within the capital programme and supports investment that helps deliver the Council Plan and Council Delivery Plan.

Alongside this, the Investigation Design Fund provides up-front funding for the early investigative and design work needed on large-scale, high-value or high-risk schemes. This helps ensure that scope, risks and costs are better understood before projects are brought forward for approval. The fund is reviewed through the annual refresh of the Capital Strategy to ensure the level of provision remains proportionate to expected need.

Investment schemes are not, by their nature, routine and are only considered where they support delivery of the Council's outcomes and ambitions. The Capital Strategy assigns potential investment into three broad categories and expects business cases to demonstrate the costs, benefits and fit with corporate priorities over the short, medium and long term. These categories are:

- 'Must Do' – schemes where the Council has minimal choice about whether to invest, for example because of statutory requirements or unavoidable obligations, with the focus on securing value for money in delivery;
- 'Should Do' – invest-to-save schemes that reduce ongoing revenue costs and/or generate additional income to support the revenue budget; and
- 'Optional' – investment that supports the Council's wider ambitions and the delivery of the Council Plan.

Management of Risk

The successful delivery of the Council Plan and Council Delivery Plan and our sustainability into the future are dependent on our ability to manage and respond to the risks we face.

Reserves are an important part of how the Council manages financial risk and maintains long-term financial sustainability. Where reserves are not required to manage risk, they can be used on a time-limited basis to support the delivery of the Council Plan, invest in transformation, deliver savings and help reduce future demand for services.

Many potential issues will remain on the strategic risk register and be regularly monitored, while others are actively managed to reduce the risk or its impact. Further information can be found in the Annual Governance Statement section within this document.

Financial Performance

Please note that figures presented in this section will differ from those shown in the Income and Expenditure Statement and the Comprehensive Income and Expenditure Statement of the core Financial Statements because they are prepared on a different basis for the purposes of explaining in-year financial performance.

Revenue

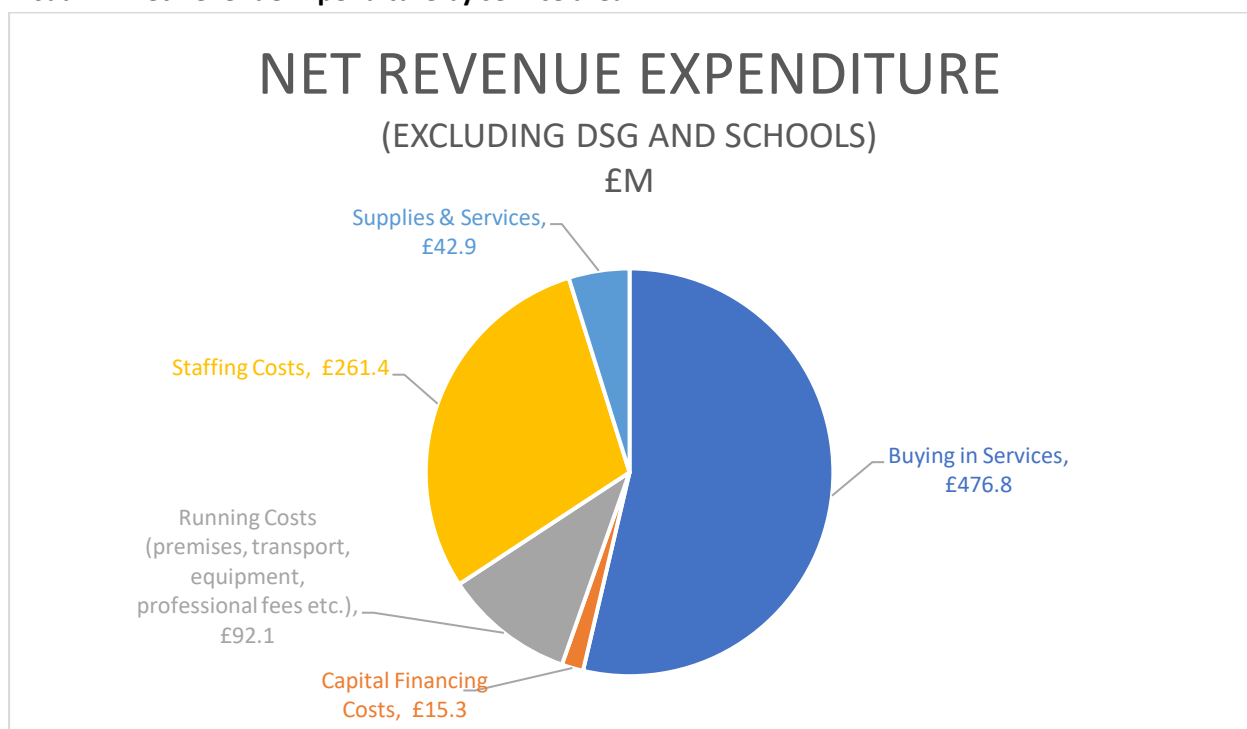
This section summarises the Council’s financial performance for 2025/26. It explains where funding came from, how money was spent, how services performed against their budgets, and how capital investment supported longer-term priorities.

The four visuals in this section provide a quick summary of the main areas of income, spending, budget variance and capital investment. The commentary below refers to each visual directly so that the figures can be read alongside the supporting explanation.

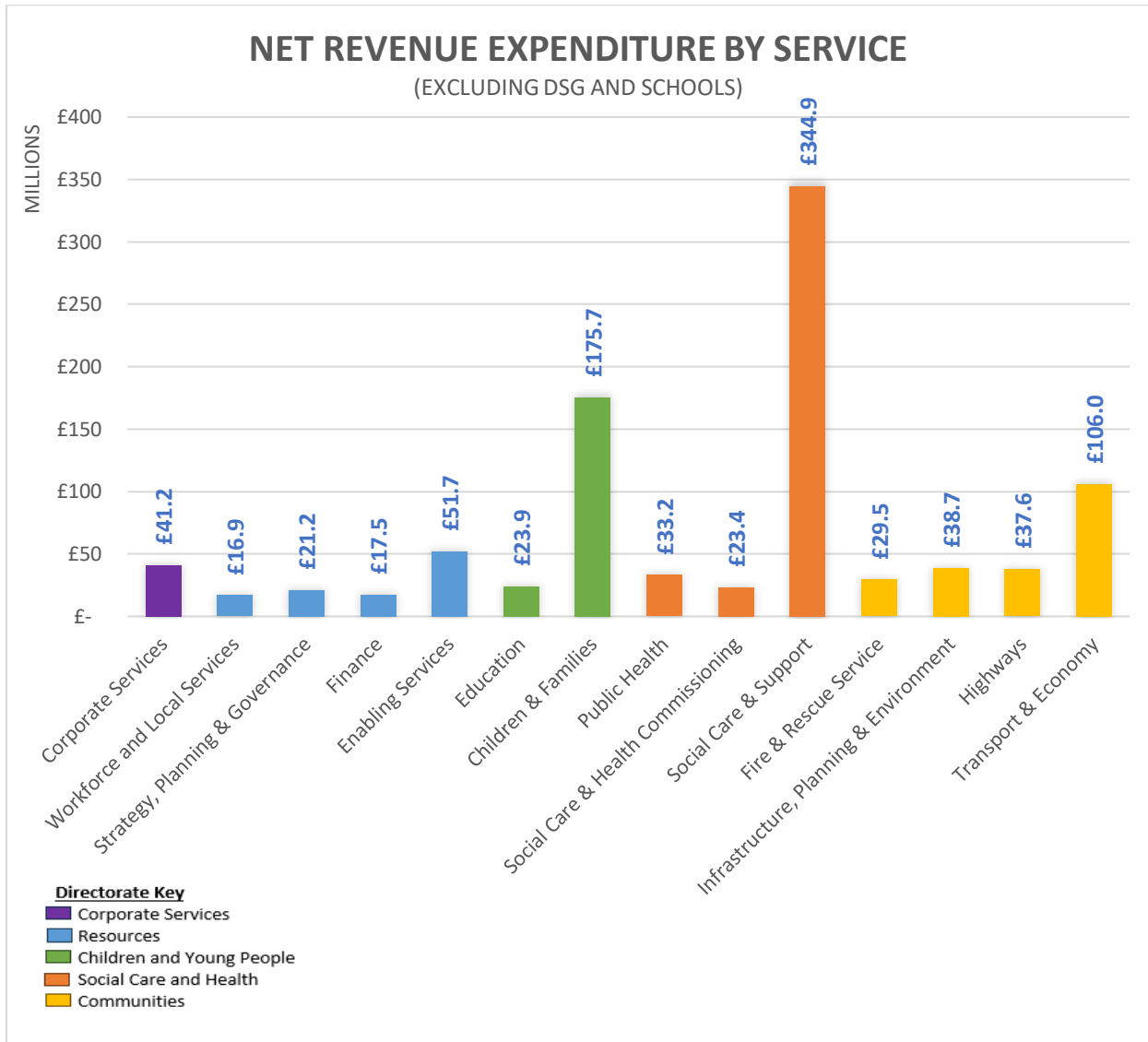
Net Revenue Expenditure

Visual 1 shows net revenue expenditure by service area, while Visual 2 shows the same spending by type of cost. Together, they show both where services spent money and the main types of expenditure that made up the Council’s day-to-day spending in 2025/26.

Visual 1 - Net Revenue Expenditure by service area



Visual 2 - Net Revenue Expenditure by spending type



The Council had £1,189.3m of revenue funding in 2025/26. This came from council tax and business rates (£508.0m), government grants (£169.8m), Dedicated Schools Grant (£338.0m) and other income, fees and charges (£173.5m). These sources provide the funding base for the net revenue expenditure shown in Visual 1 and the spending categories shown in Visual 2.

As shown in Visual 1, day-to-day services had a net budget of £656.9m and final spending of £649.4m. After movements to and from earmarked reserves and investment funds of £4.2m, the Council spent less than planned overall, ending the year with a £3.3m net

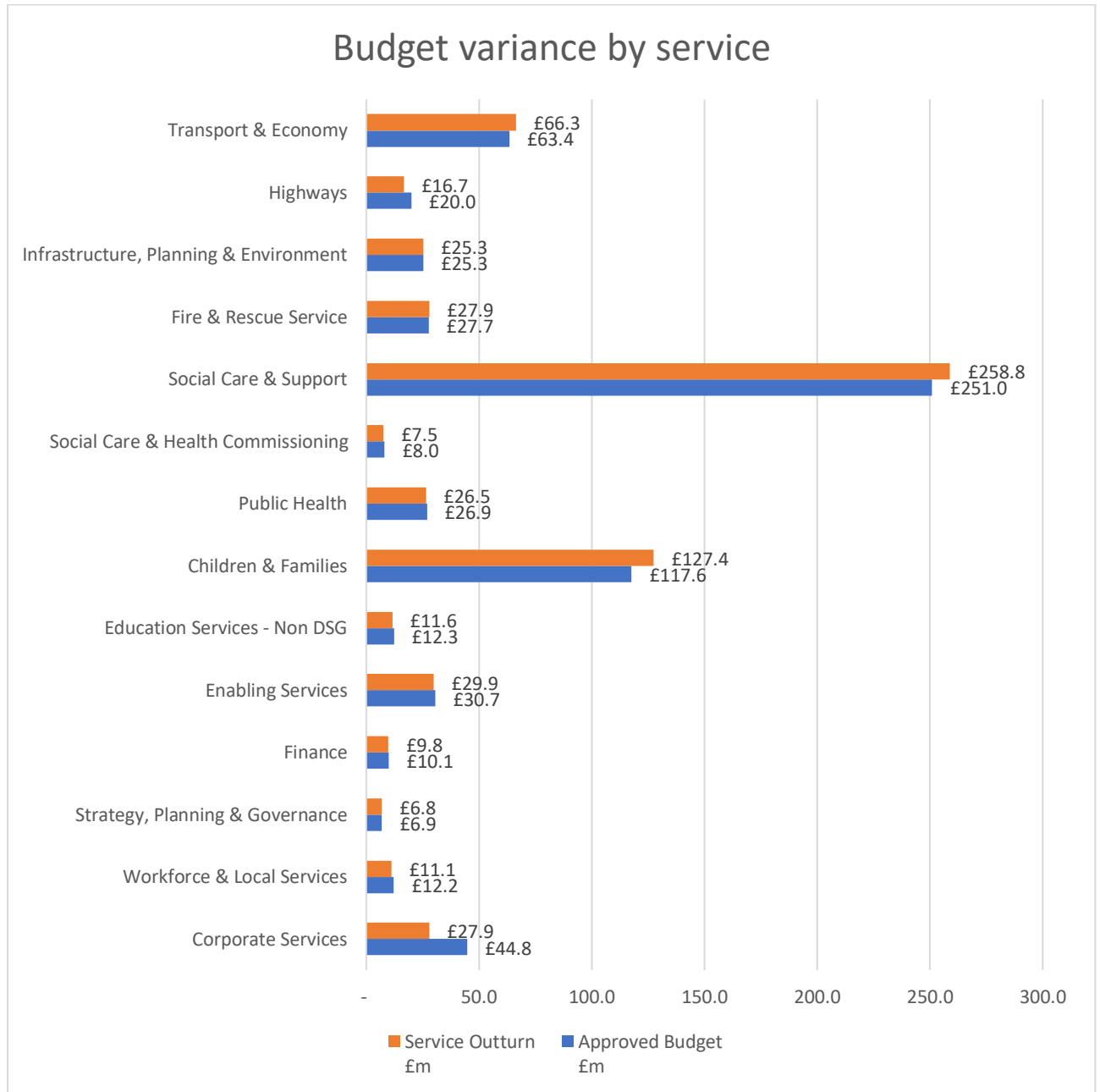
underspend, rising to £4.0m after additional business rates income.

Visual 2 shows that the largest areas of spending were payments to external providers, particularly for care, placements, school and social care transport, and other contracted services. Staff costs were also a major part of spending, with other costs including supplies, buildings, transport and the financing of capital investment. This pattern reflects the demanded nature of many Council services, particularly social care, children’s services and transport.

Revenue Underspends/Overspends

Visual 3 compares each service’s final spending, after movements to reserves, with its approved budget. This helps show where spending was higher or lower than planned and where the most significant budget pressures arose.

Visual 3 - Revenue underspends and overspends by service area



As shown in Visual 3, the Council’s final revenue outturn for 2025/26 was a £3.3m underspend, equal to 0.51% of the net budget, or £4.0m after additional business rates income. This overall position was supported by one-off actions and corporate funding. Services were under pressure

during the year, with an underlying overspend of £7.5m, which was offset by reserve use, investment fund movements and stronger treasury income.

The largest pressures and only areas of overspend shown in Visual 3 were in Children and Young People, Social Care and Health, and Transport and Economy. These were mainly driven by the cost of children’s placements, adult social care income and costs, SEND support and home to school transport. Children and Families overspent by £9.8m (8.35%), Social Care and Support by £7.9m (3.14%), and Transport and

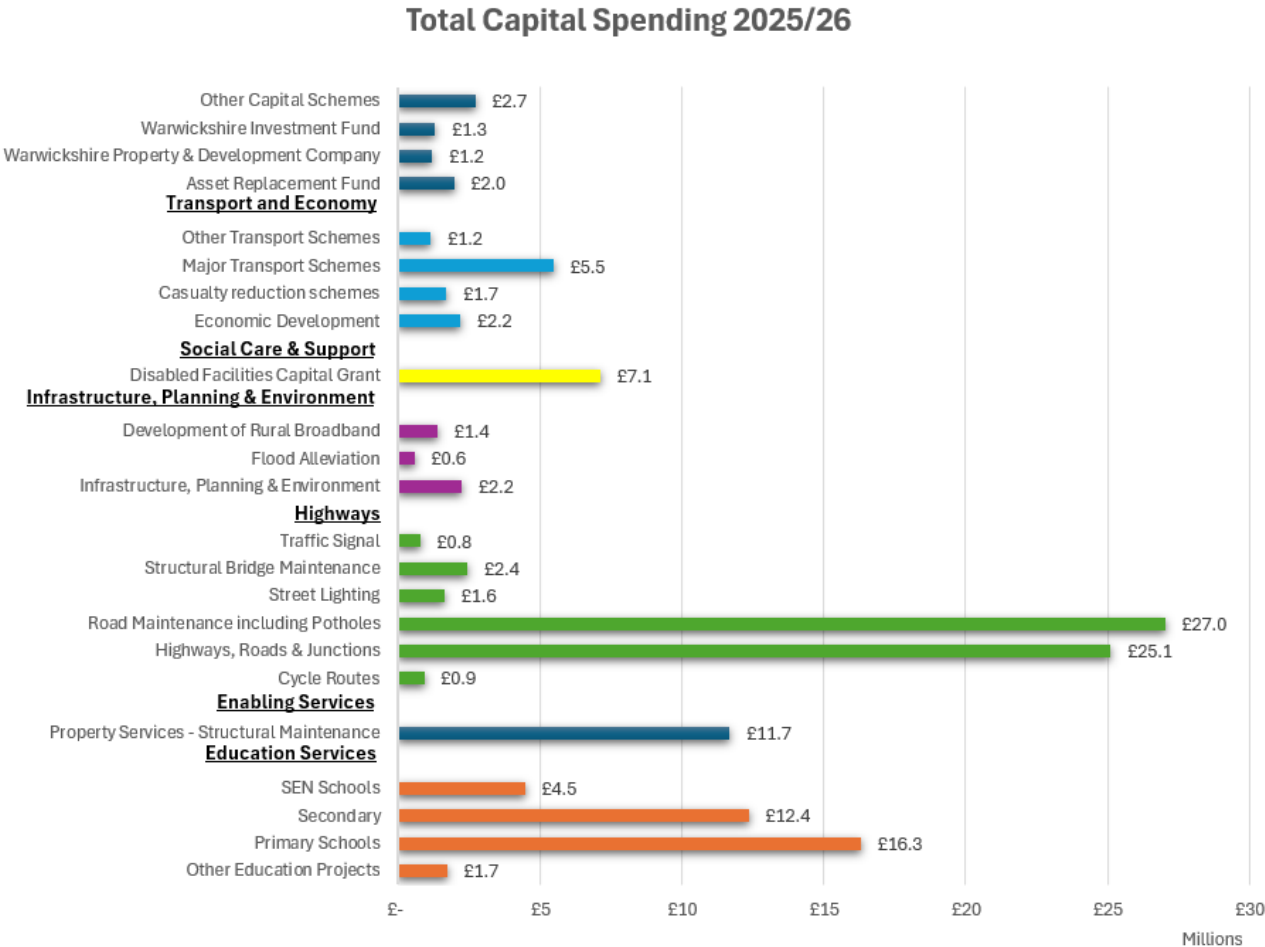
Economy by £2.9m (4.52%). These pressures were partly offset by underspends relating to spending controls to mitigate these demand-driven pressures and strong treasury performance. Overall, the Council remained within its budget, but the outturn shows that significant cost pressures remain and will need continued attention in future years.

Capital

Capital Expenditure

Capital spending is different from day-to-day revenue spending because it pays for assets and infrastructure that will be used for many years. In 2025/26, this included investment in roads, schools, buildings, vehicles, digital infrastructure and other long-term improvements. Visual 4 shows how this investment was allocated across services and major projects.

Visual 4 - Capital expenditure by service area and major projects



Benefits of Capital Investment

Capital investment delivered substantial benefits for residents, communities and services across Warwickshire during 2025/26. The Council invested £133.4m through capital schemes in the year, with the largest areas of investment focused on highways maintenance, delivering school places and capital maintenance of the council's owned and school estate.

Investment helped maintain and improve the transport infrastructure that supports everyday life in the county. Highways investment supported road condition, network safety and resilience, including pothole repairs, carriageway maintenance, casualty reduction schemes and improvements to walking and cycling routes. During the year, more potholes were repaired than were reported, with a 36% increase in the number of potholes repaired, helping to improve local roads and prevent smaller defects from becoming more serious. Investment in cycleways and active travel schemes also supported safer, healthier and more sustainable travel choices.

Capital spending on education supported the provision of school places in areas within the county seeing growth in new houses and an increasing school age population, investment also helped improve the quality and suitability of the existing school estate. This included investment in new schools, school expansions and specialist provision. In particular, investment in Specialist Resource Provision within mainstream schools.

Capital Financing

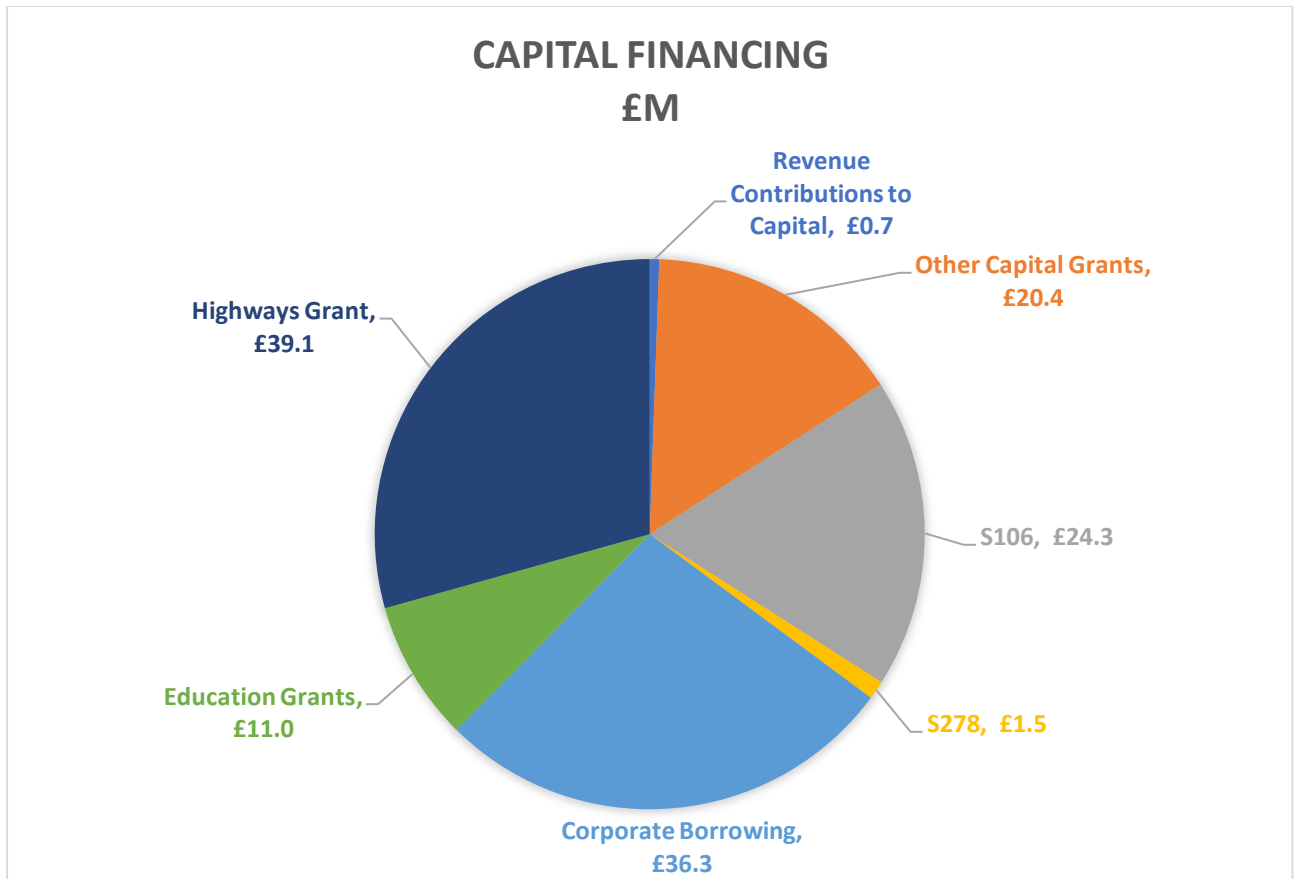
Capital projects are funded from a mix of sources. These include grants and contributions from government and developers, money raised from selling assets, and borrowing which is then repaid over time from the Council's revenue budget. Using a range of funding sources helps the Council balance investment needs with long-term affordability.

Provisions helped increase the availability of local support for children and young people with special educational needs and disabilities, supporting inclusion in mainstream settings where appropriate and helping children remain closer to their local communities.

The Asset Replacement Fund supported the continued replacement and improvement of council assets used to deliver front-line services. We invested just under £2.0m in replacing vehicles, equipment and digital infrastructure, helping services remain safe, resilient and fit for purpose. In Fire and Rescue, capital investment supported improvements to the fire estate, fleet and operational assets, helping maintain emergency response capability and service resilience.

Capital loans of £2.5m made through the Warwickshire Property and Development Group and the Warwickshire Investment Fund continued to support the Council's wider place-shaping role. These schemes help make better use of Council-owned land and property, support housing and commercial development, encourage economic growth and create opportunities for future income generation. Although some capital spending was reprofiled into future years, the investment delivered in 2025/26 continued to support the Council Plan by improving services, maintaining essential assets, enabling growth and delivering longer-term benefits for Warwickshire's residents and communities.

Visual 5 – How the Capital Programme is Financed



Value of our assets

The value of the Council’s assets changes over time as we invest in new buildings, roads, vehicles and equipment, as older assets are sold or used up, and as existing assets are revalued. This helps show the scale of the Council’s long-term capital investment and the resources it uses to deliver services across Warwickshire.

In 2025/26, the Council spent £133.4m on capital investment. This included £45.1m on assets owned by other bodies, including schools and partner organisations, and £2.5m of capital loans. Although the original capital budget was £272.1m, this was revised during the year to £233.7m to reflect changes such as new grant

funding, reduced requirements and the rephasing of projects. Final spending was lower than both the original and revised budget, mainly because some schemes progressed more slowly than planned and expenditure has moved into future years. As a result, planned capital expenditure for 2026/27 is £251.5m.

Overall, the value of the Council’s fixed assets reduced from £1,526.0m to £1,495.7m during the year. This reflects the combined effect of new capital investment, assets being sold or transferred, annual depreciation and updated valuations shown below.

The main reasons for the £30.3m decrease in the value of our assets are:

- £49.1m of assets disposed of mostly through schools transferring to Academy status;
- Capital investment of £86.1m increasing the value of our assets, largely highways and schools;
- A write-down through the depreciation charge of £72.6m to reflect usage of assets by services;
- A net increase in the value of our assets of £5.1m as a result of updated valuations to reflect market movements and usage changes; and
- £0.2m of right-of-use assets brought onto our balance sheet due to the implementation of accounting standard IFRS16 - Leases.

Savings and efficiencies

The funding estimates shown in the section above reflect the broader economic outlook. The Council has a strong track record of delivering savings, which has helped it manage a challenging financial environment during 2025/26.

The Council Plan and Medium-Term Financial Strategy aim to build on this approach by maintaining strategies of investment for longer-term savings and, as far as possible in an environment of high inflation, prioritising new ways of working ahead of service reductions. In this context, the Council has established a Value for Money Programme to support the delivery of required savings and efficiencies, strengthen financial sustainability and ensure resources are focused where they have the greatest impact.

The programme provides a structured, Council-wide approach to identifying savings, efficiencies and improved ways of working over the next two years. It brings together activity across procurement and contract management, digital and data innovation, workforce planning, use of assets, high-cost service areas, prevention and core business processes. This supports a more consistent focus on reducing avoidable cost, improving productivity, making better use of technology and resources, and targeting activity where it can have the greatest impact for residents. The programme is

intended to help the Council deliver sustainable savings rather than rely on short-term reductions, with recommendations expected to inform the 2027/28 budget and the 2027-32 Medium-Term Financial Strategy.

The main areas of focus are better procurement, improved efficiency, increased income and reducing demand through prevention and earlier intervention. Early examples of this approach include tighter recruitment controls, reduced contractor spend, cancellation of unused purchase cards, recovery of money owed to the Council and a stronger focus on high-spend services.

In 2025/26, the Council delivered a number of significant savings and efficiencies. These included £3.7m of additional income from customer contributions, helping offset some of the extra cost of Adult Social Care demand; £1.6m of savings from reducing demand for Adult Social Care support through early intervention, prevention and reablement; and £1.2m of savings from the Home to School Transport Change Programme, supporting more cost-effective service delivery.

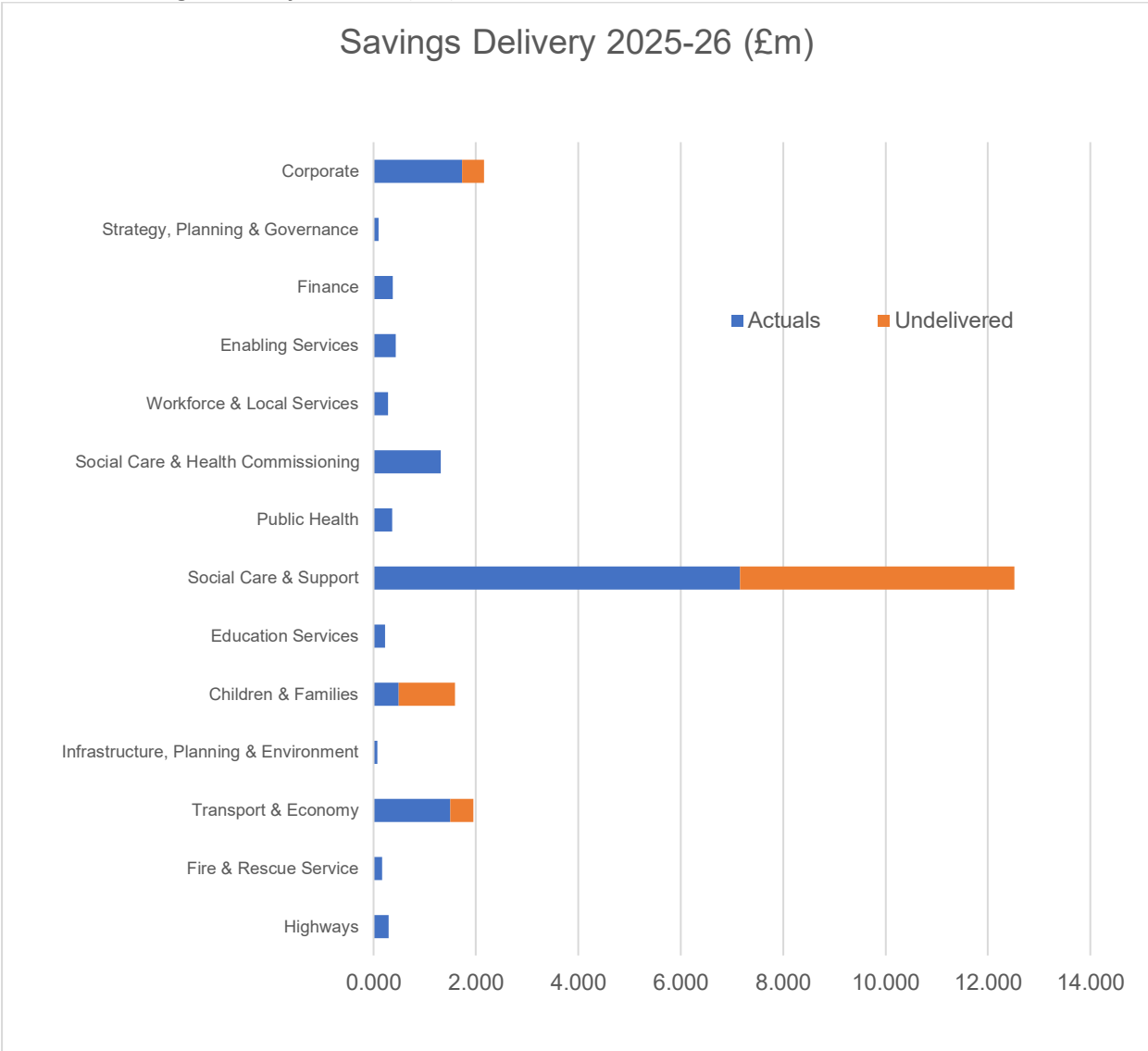
The Medium-Term Financial Strategy requires the Council to identify £99.9m of savings over the five years from 2026/27 to 2030/31. For 2025/26, the savings target was £21.9m, of

which 66.4% was delivered during the year, as summarised in Visual 6. This reflects a difficult operating environment, although continued demand in statutory services and wider economic pressures mean that further savings and efficiencies will remain essential in future years.

Delivering of savings remains central to the Council’s future financial plans. The progress made in 2025/26 provides a foundation for the

next phase of the Medium-Term Financial Strategy, but the scale of future savings required means that continued focus will be needed on sustainable efficiencies, service redesign, income generation and demand management. The Value for Money Programme will therefore be an important part of future budget planning, helping the Council balance short-term financial control with longer-term transformation and the delivery of priorities for residents.

Visual 6 – Savings Delivery 2025/26 (£m)



Reserves

Reserves are resources the Council has accumulated over time and set aside for a particular purpose as part of an integrated approach to the effective financial management of the authority over the short, medium and long-term.

We hold reserves to:

- ensure future events outside of our control do not undermine the authority's overall financial position or impact on service delivery;
- plan for the effective use of resources over time for a specific purpose;
- ensure we meet funding conditions (set either by an external funding body or a specific decision of Members) in our use of any available resources; and
- retain any other accumulated underspends prior to decisions on their use.

The Council's budget is set to include anticipated levels of reserves added or drawn down in the year; these plans may change as the year progresses to react to emerging pressures or other events and are approved through the quarterly financial monitoring process. Some reserves are held at a corporate level to support overarching risks and strategies.

The level of general reserves is consistent with the overall financial environment and the key financial risks faced by the Council. These risks are assessed at least annually and take account of circumstances at the time of assessment as well as trends into the future.

The 2026-31 Medium-Term Financial Strategy includes the planned use of £9.0m of the available Medium Term Financial Strategy Reserve below by 2030/31.

Reserves Balances at start of year		2025/26 £m		2026/27 £m
Short Term Financial Risk Reserve	-----	12.4	-----	22.4
Medium Term Financial Strategy Reserve	-----	10.7	-----	17.4
Earmarked Reserves	-----	84.5	-----	73.5
General Reserves	-----	32.5	-----	35.0
Specific Investment	-----	16.9	-----	12.4
Corporate Financial Risk Reserve	-----	58.0	-----	57.5
Total Usable Revenue Reserves	-----	215.0	-----	218.3

DSG Adjustment Account	-77.9	-150.3
Schools	17.3	15.5
Total Revenue Reserves	154.4	83.4
Capital Grants Unapplied Reserve	0.7	0.5
Total Capital Reserves	0.7	0.5
Total Usable Reserves	155.1	83.9

We planned to use £6.1m of our reserves to support the delivery of services in 2025/26. However, services spent £3.3m less than their cash-limited budget. When combined with further movements of reserves to deliver the Council’s priorities, our usable revenue reserves increased overall by £3.5m (excluding schools reserves and funding set aside to offset our DSG deficit).

At 31 March 2026 our usable revenue reserves were therefore £218.3m, with an additional £15.5m held by maintained schools. We

consider this to be a robust figure which provides some flexibility to balance current and future economic uncertainty alongside investment to improve efficiency and support wider community economic recovery. We will continue to apply the Reserves Strategy, which describes how and when these reserves should be used or added to. Based on the current Medium-Term Financial Strategy, it is anticipated that the level of usable revenue reserves will reduce to £164.7m by the end of 2030/31.

Borrowing and investments

The management of the Council’s borrowings and investments is the foundation of its treasury management activities. These activities are conducted prudently and flexibly to ensure sufficient liquidity is maintained for day-to-day cash flow needs, while also supporting capital expenditure at the lowest possible cost. All treasury operations are carried out within the strategic framework set by the annually reviewed and approved Treasury Management Strategy.

Interest income and expenditure arising from investments and borrowings are reflected in the Council’s revenue budgets.

As of 31 March 2026, long-term borrowings stood at £236.2m—a reduction of £36.2m from the beginning of the financial year due to repayments being made. Total treasury investments amounted to £172.4m, down from £289.1m on 31 March 2025, a reduction of £116.7m.

The reduction in investment balances reflects a deliberate strategy to utilise internal borrowing and operate with lower cash reserves, thereby enhancing the efficiency of the Council's balance sheet.

The investment portfolio included short-term loans to other local authorities and housing associations, deposits with banks, money market funds, and investments in variable net asset value funds.

Whilst the Council's benchmark rate of return on investment in 2025/26 was 3.96%, treasury management activity generated a higher average

interest on investments of 4.4%. This performance also exceeded the average yield of 4.07% recorded by six comparable local authorities. In line with the Treasury Management Strategy, the Council has prioritised security, then liquidity and finally yield within its treasury management investments. Our treasury management activity involved investing in banks, building societies and other local authorities, as well as through external fund managers operating cash, property and bond funds. Debt outstanding was £236.2m at 31 March 2026, with £196.3m of cash, cash equivalents and investments.

Pensions


The majority of the Council's employees (excluding schools) are members of the Warwickshire Local Government Pension Scheme, and the Council administers the fund that supports the Scheme. At the end of 2025/26 our share of the scheme showed a net liability of £7.7m.

Both the accounts for the County Council and the Pension Fund are included in this document, although they are operated as independent entities. The County Council's accounts reflect the pension disclosures relating only to its own employees. This includes disclosures for those staff with alternative pension schemes, such as

Teachers and Firefighters. The net liability for our share of these nationally administered schemes is £223.5m.

At 31 March 2026 our total pensions net liability was £231.2m, a decrease of £4.5m over the year. The decrease is largely attributable to the re-measurement of the net liability relating to the Local Government Pension Scheme to recognise the changes in actuarial assumptions at the balance sheet date. This remains within the expected range and we are confident that this liability is well managed within the statutory arrangements.

Our Performance in 2025/26




Average response time for fire appliances has improved

from 9 minutes 10 seconds in April 2025 → to 8 minutes 10 seconds in April 2026

Warwickshire's Country Parks have welcomed more than

1.1 million visitors

in 2025/26



98.9 % of adult social care, reablement and occupational therapy service users are happy with the service they receive




In 2025/26 **13,709** potholes were repaired

an increase from 10,044 in 2024/25

WCC delivered **2,096 business** assists in 2025/26



The proportion of our A, B and C roads considered in good condition improved in 2025/26



5 children's homes opened across the county.

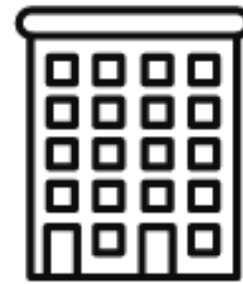
The number of available places has increased to 15



Improved occupancy rates for our children's homes from 53% last year to 73% at the end of March 2026.



149
apprenticeships
were created with
WCC support
across the year



96.8% of safe
accommodation
units delivered

an increase from 67% in 2024/25

Total waste (kg) per
household has
reduced down to **864**
in March 2026



WCC staff
sickness levels
decreased to
10.44 in 25/26.



Customer Service Centre
answered **148,542** calls in
25/26 with customer
satisfaction
levels at
average
of **91%**



The number of
trees we planted
continues to grow
each year **45,293**
were planted in
2025/26



97.6% of pupils offered
one of their first three
preferred choices for
school reception

96.1% of pupils were
awarded one of their first
three preferred choices at
Year 7



76%

of resourced
provision places
in schools are
being utilised

and 176 more places were
available in 2025/26

Performance Overview 2025/26

In 2025/26, we continued to focus on the priorities set out in the previous Council Plan, which aimed to make Warwickshire the best it can be. This included supporting a thriving economy, helping people to live safe, healthy, happy and independent lives, and creating sustainable futures through climate action and progress towards net zero. Looking ahead, Warwickshire County Council's new Council Plan, *Recalibrating Warwickshire 2026–30*, will shape the next phase of this work.

Our work during the year reflected these priorities in practice. Across 2025/26, this included action across the Council's Areas of Focus, alongside continued emphasis on value for money, technology and innovation, community empowerment and service excellence.

Top achievements and key challenges

At a glance: Warwickshire made progress across public safety, roads, jobs and skills, support for families, adult social care and climate action, while continuing to manage pressure in SEND, recycling and landfill, placements, and long-term finances.

Top achievements

- Fire response times improved due to a new service delivery approach, with average response time to life-risk and property incidents reaching 8 minutes and 10 seconds by the end of March 2026, which was below the 10 minute target.
- Country parks welcomed more than 1.1 million visits, offering a wide range of learning, wellbeing and family activities.
- Road condition improved across A, B and C roads, and more potholes were repaired than were reported during the year.
- Warwickshire performed strongly in the National Highways and Transport Survey, ranking first nationally in several service areas.
- Business support, work experience, employability programmes and apprenticeships continued to help residents and employers.
- Tree planting continued at scale, taking the total planted since 2021 to 149,237 trees.
- School place allocations remained strong, and children's homes capacity increased across the county.
- Adult social care received a 'Good' Care Quality Commission rating, while the Reablement Service was rated 'Outstanding'.

- Customer satisfaction remained high, and several Council teams received external recognition and awards.

Key challenges

- Demand and financial pressure in SEND remain significant, with a SEND funding emergency declared during the year.
- Recycling rates remained below target, while the proportion of waste sent to landfill was above target.
- Demand for children's placements and Home to School Transport continues to create pressure on services and budgets.
- Climate adaptation work continued, but available support capacity reduced because of staff turnover and cost-control measures.
- Financial pressures across local government remain significant, requiring continued focus on value for money and service transformation.
- Local government reorganisation will remain a major issue over the coming year, with structural change expected to shape future delivery.

Safer communities and stronger local places

At a glance: Fire response improved, community safety programmes expanded, country parks remained popular, and local grant funding supported community projects across Warwickshire.

Warwickshire continued to strengthen local communities during 2025/26, with practical improvements in emergency response, community safety, road safety, access to green spaces and support for local places. Together, these changes helped make communities safer, healthier and more connected.

Public safety and prevention

- Warwickshire Fire and Rescue Service introduced its *Resourcing to Risk* model so that staff and fire engines are positioned where they are most needed. By the end of March 2026, average response time to life-risk and property incidents had improved to 8 minutes and 10 seconds, below the 10-minute target.
- Early indications from the latest fire service inspection suggested continued improvement, and 12 new firefighters graduated in March 2026 to strengthen staffing levels.
- Fire prevention and safety education continued throughout the year, including sessions for young people on fire safety, water safety, safe charging of devices and emergency response.

Community and road safety

- Community safety campaigns included support for the 16 Days of Activism Against Gender-Based Violence, with information for residents about online harassment, image-based abuse and routes to confidential help.
- The *Virtual Decisions: Knives* programme reached more than 2,000 young people, helping raise awareness of the risks and consequences of knife carrying.

- The Road Safety Partnership also worked with parents of newly qualified drivers to promote safer driving among young motorists.
- The first phase of the School Keep Clear scheme was rolled out to high-priority schools to improve safety outside entrances through road markings, remedial works and enforcement.

Active communities and local support

- Warwickshire hosted Stage Four of the Lloyds Tour of Britain Men in September 2025, helping promote cycling, active travel, local business and community participation.
- Country parks recorded 1,148,601 visits during the year. Activities included family learning sessions, Toddler Trundles, the Big Garden Birdwatch, wellbeing walks, artisan markets and child-friendly trails.
- The Country Parks service is now self-financing on a revenue basis and is contributing income back to the Council.
- Local grant funding also made a difference. The Councillors' Grant Fund supported 412 projects benefiting around 29,000 residents, while the Social Fabric Fund supported larger community facilities including Bedworth Civic Hall, youth facilities and work to create a new hub in Bar Pool, Nuneaton.

Transport, roads and infrastructure

At a glance: Major schemes progressed, road condition improved, pothole repairs increased, EV charging expanded and digital connectivity remained strong.

Transport and infrastructure remained a major focus during 2025/26. Work continued on major road and regeneration schemes, highways maintenance, electric vehicle infrastructure and digital connectivity, helping improve everyday journeys while supporting future growth across Warwickshire.

Major schemes and regeneration

- The Council remained on track to deliver £25m of new infrastructure during the year.
- The A46 Stoneleigh Junction project faced technical difficulties, which were addressed with contractors, partner agencies and funders, and work has now restarted. Remaining works are expected to take around 18 months.
- The A452 Ford Foundry, Myton Road, Old Warwick Road and Queensway Europa Way Improvement Project was completed on time and within budget. It improved traffic flow, added safer walking and cycling routes, and introduced drainage features such as rain gardens and swales.
- The next phase of the Lias Line was approved, supported by £322,710 from the Government's Active Travel Fund, helping improve a walking, wheeling and cycling route between Leamington Spa and Rugby.
- Work continued on the Vicarage Street regeneration scheme in Nuneaton, which will provide a new library and business centre, town-centre housing and improved public space.

Maintenance and network performance

- The Harbury Lane Junction scheme was shortlisted for a Best Small Project award, recognising both safety improvements and efforts to reduce disruption during construction.
- Road safety innovation on the Fosse Way was highly commended. A data-led approach using digital tools and near-miss data is helping identify risk earlier and target investment more effectively.
- The highways maintenance contract was renewed, with Balfour Beatty awarded the new contract from May 2026.

- In the 2025 National Highways and Transport Survey, Warwickshire performed strongly, ranking first nationally among participating county councils for roadside drains, drain clearance, weed control and winter gritting, and second in several other categories including highway maintenance and pothole repair.
- Residents reported 12,410 potholes during the year, while 13,521 potholes were repaired. Proactive repair teams also addressed smaller defects early to prevent them becoming more serious.

Growth and connectivity

- Planning activity remained busy as local plans developed across boroughs and districts, with implications for roads, schools and other infrastructure.
- Warwickshire Property and Development Group (WPDG) and Develop Warwickshire continued housing and commercial development activity, including completions at Brookmill Meadows in North Warwickshire, progress at Milby Meadows in Nuneaton and planning work at several further sites.
- WPDG also continued to manage minerals extraction activity and more than 600 Council-owned properties across the county.
- Warwickshire's development opportunities were promoted through the UK Real Estate Infrastructure and Investment Forum, helping generate new partner and investor interest.
- The rollout of electric vehicle charging infrastructure continued, with 163 charging points per 100,000 population, above target and above the national average.
- Digital connectivity remained strong. By March 2026, 5G, 4G and gigabit broadband coverage were all above national comparison levels.

Economy, jobs and skills

At a glance: Business support continued, careers and employability programmes expanded, investment was attracted to the area, and Warwickshire's visitor economy remained strong.

Supporting inclusive and sustainable growth remained a priority throughout 2025/26. The Council continued to back businesses, develop skills, improve access to jobs and promote Warwickshire as a strong place to invest, work, learn and visit.

Skills, careers and employability

- More than 120 young people completed work experience placements with the Council across services including libraries, country parks, highways, legal services and communications.
- The Future Destination Hub continued to support unemployed 16 to 24-year-olds by helping them identify barriers to education or employment and guiding them towards suitable next steps.
- During National Careers Week, the Warwickshire Careers Hub Skills Show aimed to connect 1,500 students with 80 employers through practical activities and career inspiration.
- Business Skills Advisors supported more than 900 businesses to create skills plans linked to growth and workforce development.
- The WorkWell programme, funded through a £1.7m partnership, continued to provide employability support for people with mental health needs and other health conditions. Since launch, more than 1,000 referrals have been made across Coventry and Warwickshire.
- The Adult Skills Fund Pathway to Devolution pilot will test new delivery approaches ahead of full devolution, backed by £800,000 of Department for Employment funding.
- Warwickshire secured £1.5m to deliver Skills Bootcamps designed to help unemployed people move into jobs in priority sectors.
- The Skills Escalator Fund continued to support training for businesses and employees, helping 259 businesses and 601 people so far.

- Interactive Futures, the region's largest video games talent showcase, returned in June 2025. More than 1,200 free tickets were allocated, over 600 unique visitors attended, and the event included 39 speakers and 25 local businesses.
- National funding changes created challenges, with 2025/26 confirmed as the final year of UKSPF allocations and no Local Growth Fund allocation for Warwickshire County, although Camp Hill and Nuneaton and Bedworth secured support through Pride in Place funding.
- Coventry and Warwickshire remained a strong destination for foreign direct investment, Department for Business and Trade data (published in July) shows 43 projects in 2024/25 across sectors including automotive, digital, logistics, energy and tourism.
- Business promotion activity included events focused on export markets, automotive innovation and inward investment opportunities.
- By the end of December 2025, Coventry Warwickshire Reinvestment Trust had lent just over £2m during the year from the Warwickshire Investment Fund. Overall, almost £8m has supported 120 businesses, safeguarding and creating new jobs.

Tourism and place

- Tourism remained an important part of the local economy. A review of the visitor economy reported more than 15.5 million trips in 2024, up 7.5% on the previous year, with overnight visitors accounting for a large share of spending.
- Warwickshire businesses also received recognition at the West Midlands Tourism Awards, including awards for Go Cotswolds, Compton Verney and the Howard Arms in Ilmington.

Business growth and investment

Environment and local sustainability

At a glance: Work continued across a broad range of environmental and sustainability priorities during 2025/26, including energy planning, biodiversity, waste reduction, tree planting and support for greener travel. The year brought encouraging progress in many areas, while also highlighting where further improvement is still needed.

Environmental planning and biodiversity

- The Sustainable Futures Strategy continued to guide practical action on long-term environmental sustainability.
- Progress was made on the Warwickshire Energy Plan, including use of a regional modelling tool to better understand current and future energy demand and supply across the county.
- Adaptation work continued to help priority services understand and plan for risks such as flooding, storms and extreme heat, although available support capacity reduced because of cost-control measures and staff turnover.
- Energy reduction work across the Council estate continued through planned maintenance, including LED lighting and more efficient boilers, helping reduce bills and carbon emissions.
- Biodiversity work in country parks remained strong. Rangers at Ryton Pools have now recorded more than 3,000 species, including notable wildlife and rare species, reflecting long-term habitat improvement work.
- Tree planting also continued at scale. A further 45,293 trees were planted in 2025/26, bringing the total planted since 2021 to 149,237.
- Additional Defra funding was secured through the Trees Outside Woodland Fund to support tree planting, hedgerows and greener community spaces.

Waste and recycling

- Waste per household fell to 864kg, which is better than the 900kg target and an improvement on the previous year.

- The recycling rate was 50.67%, below the 53% target and slightly lower than the previous year's 52.7%.
- Landfill performance remained a concern. The proportion of waste sent to landfill was 8.25% at year end, above the 5% target and worse than the 2024/25 figure.
- The Council received £5.181m of Extended Producer Responsibility funding for the first time to help cover the costs of managing packaging waste.
- Work is under way with borough councils to introduce weekly food waste collections in 2026/27, which should help reduce landfill and environmental impact.
- The booking system for Household Waste Recycling Centres was removed on a trial basis in November 2025 and will be reviewed in 2026.

Travel and business support

- Active Travel England confirmed a multi-year capital and revenue funding package for Warwickshire after a strong capability rating.
- The Business Energy Advice Service continued to support local businesses through energy audits, grants and private investment that help improve energy efficiency and reduce costs.
- Schools also received support through Eco-schools, with 25 schools already holding Eco-schools status and 79 signed up during the 2025/26 academic year.
- Campaigns such as Winter Wheelies also encouraged safer and more frequent cycling, with 414 riders logging 67,500 miles across 6,367 trips.

Children, young people and education

At a glance: Families received more support, school place allocations remained strong, children's homes capacity increased, and a range of inclusive education work progressed, although SEND demand and placement pressures remained high.

Children's services and education remained a major priority during 2025/26. The year brought progress in support for families, school place allocations, inclusive education and children's homes, alongside continued pressure in areas such as SEND and placement sufficiency.

Support for children and families

- The Warwickshire Youth Conference brought together 100 young people in April 2025 for workshops including on life skills, mental health, safety and the environment, with local services also attending.
- A new Urgent Outreach for Families in Crisis service was commissioned in July 2025 to help families facing distress linked to children and young people's mental health.
- The Holiday Activities and Food programme returned in summer 2025, offering free activities and meals for eligible children and young people, including tailored provision for those with SEND.
- The Family Information Service worked with Everyone Active to offer discounts to families, helping make leisure activities more affordable.
- Children's homes capacity continued to expand. Warwickshire now has five homes open across the county, with occupancy at 73.3%, although demand for placements still exceeds supply.
- Social Work Degree Apprenticeship graduates were recognised in September 2025, supporting efforts to strengthen the qualified workforce.
- Ofsted's October 2025 inspection rated the experience and progress of care leavers as 'good', with other areas judged 'requires improvement to be good'. The Council is using the findings to continue strengthening practice.
- The School Keep Clear and Lines and Signs work also supported child safety outside schools, with many sites completed and under enforcement.
- Warwickshire Child and Family Wellbeing launched in December 2025, bringing together a more integrated whole-family

public health nursing approach across health visiting and school nursing.

School places and attainment

- School place allocations remained strong. For Reception, 90.5% of children received their first-choice place and 97.6% one of their top three choices. For Year 3 junior places, 98% received their first choice. For secondary places, 82.3% received their first choice and 95.8% one of their top three choices.
- Educational attainment also remained positive. In 2025, 49.8% of Warwickshire pupils achieved grade 5 or above in English and maths GCSE, above the national figure of 45.4%, and Warwickshire improved 15 places in the national ranking.

SEND and inclusion

- The Council declared a SEND funding emergency in September 2025 because of rising demand and the scale of financial pressure.
- Important updates were introduced to the EHCP process, including new online referral forms for schools and parents, with early signs of improvement in transparency and timeliness.
- A SEND conference in September 2025 brought together professionals, parent carers and youth representatives to share inclusive practice and promote the Warwickshire Schools' Inclusion Charter.
- The Partnership for the Inclusion of Neurodiversity in Schools continued into its second year, helping schools improve support for neurodivergent children.
- The Specialist Teaching Service retained national DLD Friendly status, recognising its support for children and young people with Developmental Language Disorder.

- Short practical videos were launched to support schools in meeting a wide range of SEND needs, and 45 early years settings were recognised through the Inclusion Kitemarking Scheme Awards.
- The Discovery Den, the UK's first mobile sensory public library, began visiting selected schools and community locations in early 2026, offering books and sensory resources for children and young people with SEND.
- Home to School Transport continued to face rising demand and cost pressures, and consultation took place on possible policy updates for future applications.

Health, wellbeing and adult social care

At a glance: Adult social care and public health services delivered strong inspection outcomes, new integrated support models were introduced, and welfare funding continued to reach residents in need.

Health, wellbeing and adult social care services continued to support residents in a challenging environment during 2025/26. The year included strong inspection outcomes, service redesign, public health initiatives and direct support for residents facing hardship.

Prevention and public health

- Healthy Weight Workshops in May and September 2025 brought together partners to support a whole-system approach to healthy weight, with an initial focus on maternity, children and young people.
- The Living Well webpages continued to provide advice and resources on hydration, nutrition, mental health, physical activity and wider wellbeing.
- In May 2025, the newly commissioned Change Grow Live service launched, providing drug and alcohol support for adults, children and young people. The youth element, Evolve, focuses on both awareness and targeted help where needed.
- NHS Coventry and Warwickshire also made major progress in reducing smoking in pregnancy. At 5.8%, the local figure was better than the national target of 6% for the first time since the target was introduced.
- Occupational Therapy Week in November 2025 helped highlight how early support can prevent crises and help people stay well for longer.
- A new integrated Public Health Nursing Service for children and young people aged 0 to 19, and up to 25 for those with SEND, began from December 2025 to create a more joined-up approach.
- The Director of Public Health Annual Report for 2025 focused on 'Growing Up Online',

exploring wellbeing, social media and AI, including both benefits and emerging harms.

Care quality and service improvement

- The Care Champions programme resumed, with trained volunteers visiting care settings to gather feedback, share good practice and suggest improvements.
- The Council completed its Care Quality Commission assessment during the year and received an overall rating of 'Good' in February 2026, with positive feedback on leadership, partnership working and support for independence.
- In March 2026, the Reablement Service was rated 'Outstanding' by the Care Quality Commission, reflecting strong person-centred support, safeguarding, medicines management and use of technology to support independence.

Support for residents

- The Local Welfare Scheme distributed £6,121,054 of Household Support Fund grant during the year, including £590,921 for food banks, charities and community groups helping residents with essentials such as food, energy and water.

Council performance and the year ahead

At a glance: The Council continued to improve value for money, invest in digital transformation, maintain strong customer satisfaction and receive external recognition, while also preparing for major structural change. The year also included continued work to improve how the Council operates, responds to financial pressure, uses digital tools and prepares for the future. Alongside this, a number of services and teams received positive external recognition, reflecting both strong performance and a continued focus on improvement.

Performance and improvement

- A two-year Value for Money Programme was approved to support the Medium-Term Financial Strategy and respond to growing financial pressures.
- The programme includes seven workstreams covering core business processes, procurement, workforce planning, high-cost services, digital and data innovation, public service reform and assets.
- Early achievements include tighter recruitment controls, reduced contractor spend, cancelled unused purchase cards, recovery of money owed to the Council and stronger focus on high-spend services.
- Cabinet also approved up to £730,000 for a Digital Transformation programme focused on artificial intelligence and automation. Priorities include transcription, automated document generation, interpretation and translation, and productivity improvements in service areas.
- The Council's external auditor gave the best possible rating, Green, across financial sustainability, governance, securing and economy, efficiency and effectiveness within its value for money audit, with only SEND deficits highlighted as an ongoing national challenge.
- Employee sickness absence improved from 10.72 to 10.44 days per full-time equivalent, although it remains above target.
- The Customer Service Centre answered more than 148,000 calls during the year, and customer satisfaction remained high at an average of 91%.

- The Council also supported the National Year of Reading through the Go All In pledge to share One Million Stories with children by 2030.

Recognition and awards

- External awards and recognition included Lexcel reaccreditation for Warwickshire Legal Services, awards and nominations for legal, employability, children's services, business intelligence and library teams, and a 'Good' inspection outcome for the Youth Justice Service.
- Develop Warwickshire was named Residential Developer of the Year, reflecting wider progress in sustainable and community-focused development.
- Library services also received national recognition, including success in the British Book Awards for Book Bingo and recognition for Kenilworth Library's Temporary Banking Hub.

Looking ahead

- Local government reorganisation remains a major issue. Warwickshire is subject to a government policy to move away from the current two-tier system, with competing proposals submitted to Government in late 2025 who completed a public consultation in March 2026. A final decision about the future unitary structure of local government in Warwickshire is expected later in 2026, subject to which implementation is likely to be in April 2028.

Overall, 2025/26 was a year of solid progress across many services, against a backdrop of clear pressures that will continue into the next year. The Council's overall performance story is one of improvement, resilience and service delivery, while still needing to respond to rising demand, financial pressures and structural change.

Outlook

Pre-Existing Financial Challenges

The Council Plan approved in May 2026 is supported by a 5-year Medium-Term Financial Strategy and reserves strategy, both of which are reviewed and updated annually. Together, these provide a clear framework for aligning resources to the Council's strategic priorities, maintaining financial resilience and managing the significant risks and uncertainties that arise from delivering a wide range of services through multiple funding streams in a volatile operating environment.

The 5-year Medium-Term Financial Strategy and accompanying reserves strategy identify the principal financial risks and uncertainties facing the Council over the planning period. These risks must be actively monitored and managed and, where they cannot be fully mitigated, underwritten through the Council's reserves strategy. These are:

- the broader economic environment, including inflation, interest rates, housing growth and council tax base movements, and the impact these have on our day-to-day costs, income and debt repayments;
- continued inflationary and wider cost pressures affecting pay, recruitment and retention, commissioned services and overall service resilience;
- uncertainty around the future of local government structures, including future funding of new authorities to ensure they remain financial sustainable;
- increasing dependence on locally collected council tax to fund services;
- the financial and wider outcomes of our commercial investment activity; and
- the unsustainable delivery of SEND services within the current level of Dedicated Schools Grant funding provided by Government and the extent to which future High Needs Stability Grant or wider national reform will resolve the accumulated High Needs deficit.

Inflation and the macroeconomic environment

At 31 March 2026, the UK economic outlook remained uncertain. Inflation had eased from its recent peak but remained above target, and the wider outlook had become more fragile as geopolitical instability increased risks around energy prices, trade flows and global growth. The Bank of England Base Rate was 3.75% at 31 March 2026, reflecting the continued need to balance inflation risks against a subdued growth outlook.

For local government, this means cost pressures remain significant. Pay, care markets, transport, utilities and commissioned services remain exposed to inflation and interest rate pressures, while financial stress on households can sustain or increase demand for council services. For Warwickshire, this is most likely to be felt

through continued pressure on adult social care and children's services, including SEND and home to school transport, increased demand for temporary and crisis support, workforce pressures in front-line services, and rising contract costs across social care, waste, transport, property and other commissioned services.

In this environment, the Council must remain agile in how it allocates resources, manages risk and prioritises activity, while maintaining focus on delivery of the Council Plan. Continued uncertainty over inflation, energy prices, interest rates and national funding means medium-term financial planning must remain flexible, prudent and responsive to changing conditions.

Major Developments

The Council enters 2026/27 with a number of major developments that will shape both service delivery and the medium-term financial outlook. Most significantly, Warwickshire is preparing for local government reorganisation. This creates both risk and opportunity: the Council must continue to deliver services and maintain financial discipline in the short term, while also helping to shape future arrangements for local government in the county and planning for potential transition costs, workforce implications, governance changes and service redesign.

Alongside this, the Council will continue to deliver a substantial programme of capital investment and transformation. Major infrastructure schemes, highways maintenance, active travel, property investment, digital transformation and estate improvement remain important to the delivery of the Council Plan and to supporting Warwickshire's long-term economic resilience. The challenge for 2026/27 will be to maintain momentum on delivery while ensuring that capital plans remain affordable, realistically phased and aligned to available funding and borrowing capacity.

Warwickshire Property and Development Group and Develop Warwickshire will continue

to play an important role in delivering housing, regeneration and commercial opportunities across the county. During 2026/27 the focus will remain on progressing live development sites, bringing forward further phases where viable, managing market and construction cost pressures, and ensuring that investment activity continues to balance place-shaping and economic objectives with robust financial oversight and value for money.

The Warwickshire Investment Fund will also remain an important tool in supporting local economic growth, business development and investment in the county. In the year ahead, the emphasis will continue to be on targeted deployment of available funding, careful management of risk and return, and ensuring that investment activity supports the Council's wider priorities for growth, jobs, regeneration and financial sustainability.

Taken together, these developments mean that 2026/27 will be an important year for the Council. Success will depend on disciplined delivery of the Medium-Term Financial Strategy, strong programme and risk management, and the ability to balance immediate service pressures with investment in longer-term transformation and the future shape of local government in Warwickshire.

Basis of preparation and presentation

In considering this report, readers should note that the comparison of spend against service budgets which we use internally to assess our financial performance is not directly comparable to the cost of services disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with international financial reporting requirements, which do not impact on the amount of our

spending to be met by local taxpayers, which is central to our in-year monitoring of our financial performance. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

Core Financial Statements

These comprise the four key pieces of information in the Statement of Accounts

Comprehensive Income and Expenditure Statement	Balance Sheet
<p>An accounting deficit of £116.8m for 2025/26 has been reported; the reported 2025/26 outturn position is a £3.3m underspend against the Net Revenue Budget.</p> <p><i>This statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation. The main factors in the move are capital depreciation, revaluation and pensions charges.</i></p>	<p>A decrease of £116.8m in County Council's net assets as at 31 March 2026.</p> <p><i>The balance sheet shows the value of the assets and liabilities recognised by the County Council. At 31 March 2026 the County Council's net worth was £1,028m.</i></p>
Cash Flow Statement	Movement in Reserves Statement
<p>A net cash inflow of £30m in 2025/26 in cash or cash equivalents.</p> <p><i>This statement summarises the cash that has been paid to us and which we have paid to other organisations and individuals.</i></p>	<p>An increase of £1.2m in the County Council's usable reserves, made up of an increase of £1.4m in revenue reserves and decrease of £0.2m in capital reserves.</p> <p><i>This statement shows the movement in year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be used to fund spending or reduce taxation) and other reserves.</i></p>

Statement of accounting policies

This summarises the accounting rules and conventions we have used in preparing these financial statements. There have been no material changes to our accounting policies during the year.

Notes to the core financial statements

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.

Other sections of this Document

As well as the Statement of Accounts for the County Council, this document includes separate sections for the Annual Governance Statement and the Statement of Accounts for the Warwickshire Pension Fund.

The Annual Governance Statement describes the Council's Governance Framework and system of internal control. It includes a review of the effectiveness of this system in the past year and identifies key risks for the Council to manage in the future. The Annual Governance Statement also covers the Warwickshire Pension Fund.

The Warwickshire Pension Fund's Statement of Accounts describes the Fund's financial position and performance in 2025/26. While the County Council administers the Fund, the Fund's accounts represent its activities on behalf of all its member organisations. Further information about the Fund can be found in Note 1 of that document

