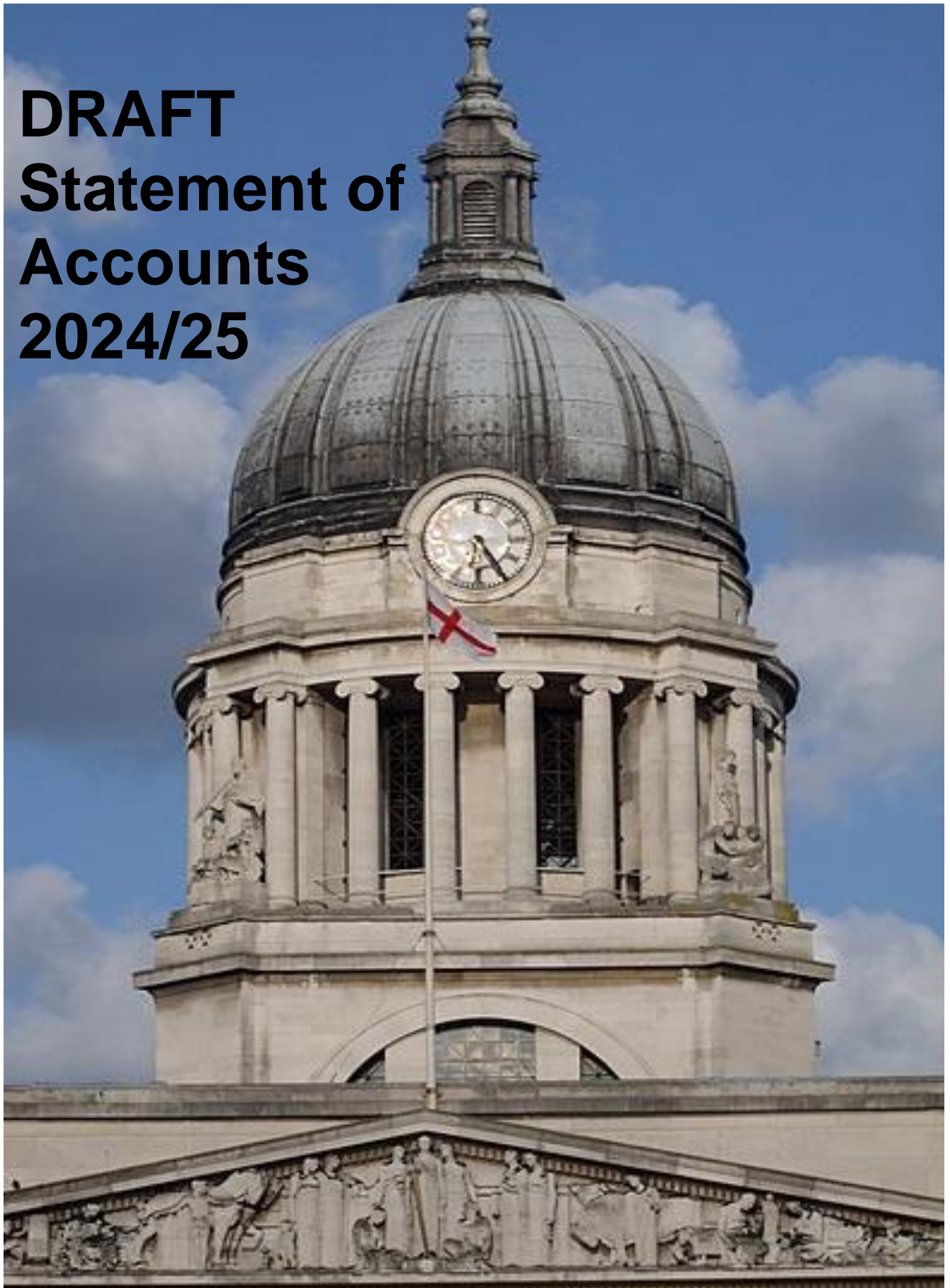


## **DRAFT Statement of Accounts 2024/25**





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# Section 1

## Narrative Report

### 1.1 Overview of Nottingham City Council

Nottingham City Council is a unitary local authority in the East Midlands region of England, delivering a wide range of services and facilities to support the citizens of Nottingham. The Council is responsible for a broad array of statutory services, including adult social care, services for children and families, public health, housing, development and planning, environmental health and public protection (such as licensing of premises and taxis), traffic management and road safety, and highways maintenance.

Beyond its statutory obligations, the Council is also committed to delivering a number of discretionary services. These include encouraging business investment and economic growth through funded programmes, investing in the transport network to improve accessibility for all, promoting Nottingham's cultural sector and organising local events, providing leisure facilities, cultural venues and museums, maintaining public parks and open spaces, creating employment and apprenticeship opportunities through the Nottingham Jobs Hub, and managing car parks across the city. The most recent numbers equated to:

- 147,285 properties receive weekly refuse collections, totalling 7,658,820 collections annually
- Nottingham supports 641 children in care, 472 children in need and 348 children on a child protection plan
- Over 5,600 individuals are supported in Adult Social Care
- Nottingham businesses support approximately 206,000 jobs, with 24.2% in the public sector. The employment rate among 16–64-year-olds is 66.1%
- In 2022, Nottingham emitted 1.122 million tonnes of CO<sub>2</sub>e — a 46.6% overall reduction (53.7% per capita) since 2005
- Nottingham ranks among the highest for bus use per capita outside London
- 5 parks in the city hold Green Flag status

Nottingham City Council serves a diverse city, and we believe in the values of equality, fairness and inclusivity:

- An increase of 2,000 residents is projected over the next decade
- Nottingham is the 11th most deprived area in UK, with 30% of our neighbourhoods in the 10% most deprived nationally
- In the most deprived areas, life expectancy is up to 10 years lower
- Average earnings in Nottingham are £32,500, compared to the national average of £42,800
- 63% of properties fall into the lowest council tax band, compared to 24% nationally
- 60.6% of GCSE students achieved good passes in Maths and English compared to 68.8% nationally. Specifically, 58.3% achieved grade 4 or above in both subjects, versus 65.4% across England
- 5.3% unemployment compared to the England average of 3.8%

**Strategic Council Plan**

The new ‘Our Council Plan’ was approved by Full Council on 3 March 2025. The new plan sets out a high-level and more easily communicated vision for the council structured around three Core Missions of Renew, Deliver and Lead. A new annual Performance and Delivery Plan will set out the commitments and delivery of the Council in more detail and the Our Council Plan outcomes framework will be published online to enable transparent, benchmarked, publicly accessible performance reporting. We will continue to seek every opportunity for increased funding and improve our partnerships with key organisations, including the East Midlands Combined County Authority which we have created with our partner councils, in the wider interests of the city.

**Council Vision Statement**

The Council remains ambitious and committed to delivering for the city and its people.

**1.1.1 Population**

According to the 2021 Census, Nottingham’s population reached 323,700 — a 5.9% increase since 2011. It is now the 33rd most populous local authority in England and the second most densely populated in the East Midlands, with 4,338 residents per square kilometre.

Nottingham has a notably young population, with 71% aged between 15 and 64. This is among the highest proportions outside London, largely due to the city’s two universities. This demographic profile significantly influences both the demand for services and the Council’s financial capacity.

**1.1.2 Employees**

As at 31 March 2025 the Council employed 6,879 people, of which 4,519 were full time employees and 2,360 part time.

The Council’s mean average pay gap for 2023 noted women’s median hourly pay was 1.7% lower than men’s – this means they earned 98p for every £1 that men earn when comparing median hourly pay, while women’s mean hourly pay was 1.7% lower than men’s.

The Council reported that the mean average pay gap between those who identify as White British and those who identify as Black and Minority Ethnic (BAME) was 4.7%. This means BAME employees earned 95p for every £1 that men earn when comparing average pay.

The Council reported that the median pay gap between disabled and non-disabled employees was 3.5% in favour of disabled employees, which means that for every pound earned by the average non-disabled employee, the average disabled employee earns £1.04.

**1.1.3 Political and Management Framework**

The City of Nottingham comprises 20 electoral wards from which 55 councillors are elected once every 4 years to represent citizens. The last election took place in May 2023 with the resulting composition of the Council as below:

Labour Party	51
Nottingham Independents	3
Independent	1



In October 2023 a councillor resigned from the Labour Party to sit as an independent councillor. In November 2024 a councillor resigned from the Labour Party and now represents the Green Party. In April 2025 a further councillor resigned from the Labour Party to sit as an independent councillor, leaving the political make-up of the Council as follows:

Labour Party	48
Nottingham Independents	3
Independent Councillors	3
Green Party	1

The Council is controlled by the political group with the largest number of councillors, which is currently the Labour Group. One independent councillor has joined councillors representing the Nottingham Independents to form the Nottingham Independents and Independent Group, which is the largest Opposition Group.

Decisions within the Council are taken by different bodies or individuals depending on the nature of the decision.

Full Council comprises all 55 elected Councillors and is responsible for agreeing the Policy Framework that governs how services are delivered and providing direction for the city. It is also legally required to approve the Council's budget and set the level of Council Tax.

Council elected Councillor Neghat Khan as Leader of the Council in May 2024. The Leader of the Council has appointed a Deputy and six other Executive Members, who collectively form the Executive. These individuals meet as Executive Board to take Key Decisions and other significant decisions collectively. The Leader of the Council has delegated responsibility for taking decisions to individual Executive Members on matters within a designated remit, and has also established other Executive committees to take decisions on specific matters. The Leader of the Council can take any Executive decision herself. The Leader of the Council has also delegated responsibility for taking some Executive decisions to officers. These arrangements are set out in the Executive Scheme of Delegation.

Council has established five Overview and Scrutiny Committees, made up of non-executive Councillors, to ensure that the Executive is publicly held to account for its decisions and actions.

Some functions and decisions cannot, by law, be carried out by Executive Councillors and these are undertaken by committees of Council. This includes decisions on planning and licensing matters. The Audit Committee is made up of non-executive councillors and is responsible for overseeing the financial reporting of the Council, including the production of the Financial Statements and ensuring that the Council has adequate control and risk management processes in place.

The Council's decision making arrangements are set out in its Constitution, which is published on the Council's website. The agenda and minutes of Executive and Non-Executive committee meetings, decisions taken by Executive Members and certain decisions taken by officers are published on the Council's website.

The most senior officer of the Council is the Chief Executive, who is the Head of Paid Service. The Council also appoints a Monitoring Officer and Chief Finance Officer/Section 151 Officer. The Chief Executive leads the Senior Management Team which includes five Corporate Directors, each of whom has management responsibility for a range of services. Management responsibility within the Council is delegated to officers in accordance with the Council's Constitution to ensure that decisions can be

made in a timely and effective manner whilst ensuring that the Council fulfils its legal duties and ensures that public funds are properly managed.

In February 2024, the Minister for Local Government, Simon Hoare MP, announced that the Secretary of State, after due consideration of representations received, was using his powers under the Local Government Act 1999 to issue new Directions to Nottingham City Council and appointed Tony McArdle OBE as Lead Commissioner and Margaret Lee as Commissioner for two years until 22 February 2026. In April 2024, the Secretary of State appointed Sharon Kemp as Commissioner for transformation

### 1.1.4 Financial Objectives and Framework

Like many local authorities, Nottingham City Council has experienced unprecedented pressures in terms of increased demand for services, particularly in relation to social care and homelessness, and increased costs through inflation. These pressures resulted in significant pressure on our budgets.

The Council has signed up to the principles of the CIPFA Financial Management Code. This code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

The Council is legally required to set a balanced budget every year, this is developed by the Corporate Leadership Team and Executive Councillors and approved by the City Council in March.

The Medium-Term Financial Strategy (MTFS) sets the financial framework to deliver the aims and objectives of the Council. The MTFS is set on a rolling 4-year basis and is key to ensuring the ongoing financial stability of the Council.

The key objectives of the MTFS are:

- A balanced budget and sustainable Medium-Term Financial Plan on a rolling 4-year basis
- To reduce the Council's exposure to commercial risk
- To ensure that core services are affordable for the long term, and
- To ensure that Councillors and officers have oversight and accountability for the financial performance of the Council.

In addition to the MTFS the Council has strategies covering the Capital Programme, and Treasury Management which guide how these activities are managed.

In November 2023 a Section 114 (part 3) report was issued to Councillors due to the financial sustainability of the Council in line with the Local Government Finance Act 1988. The report was for the Section 151 Officer to formally notify the Council that, in his professional opinion, the Council was unable to meet its statutory requirement to deliver a balanced budget for 2023/24.

As a result, a legal prohibition period came into force from 29 November 2023 and was in place until day after the City Council meeting on 18 December 2023, when a Spend Control Policy and Board was approved to remain in place until 31 March 2025. That has since been extended indefinitely till the Section 151 Officer feels sufficiently comfortable with the financial management of the council and the oversight within Finance to release this provision.

In January 2024, to be able to present a balanced budget, the Council made a request to the Department for Levelling Up, Housing & Communities to be allowed to use



receipts from the sale of capital assets for revenue spending in the 2023/24 and 2024/25 financial years.

The Minister for Local Government, Simon Hoare replied to the Council's request for this exceptional financial support by agreeing to approve a capitalisation direction of a total not exceeding £66.143 million (£25 million for the financial year 2023/24 and £41.143 million for 2024/25) as long as the appointed Commissioners were able to report good progress against the Improvement and Recovery Plan. In 2024/25, £7.7m of capital receipts were utilised, £33.4m better than budgeted.

### 1.1.5 Matters arising in 2024/25

The Council continues to be ambitious for Nottingham, setting out a revised Strategy Plan that speaks to all who live, work, study, invest and visit here. Nottingham is a diverse city committed to the values of equality, fairness and inclusivity. The Council's ambition for Nottingham and local people is undimmed and they will continue to place people at the centre of what they do.

The Council caught up with 5 sets of accounts in 2024/25, with the 2023/24 audit finishing in March 2025. However, all sets of accounts were disclaimed due to the lack of time for the auditors to obtain adequate assurance. While a national problem, the past legacy of two separate section 114 decisions (including one involving resources flow from the General Fund to the HRA) means the council expects a detailed audit that will review past years transactions to ensure this issue remains in the past. Moreover, with the Government setting out a minimum 3 year path back to unmodified accounts, the council recognises the challenges and is strengthening its corporate finance function.

The Council faced some very difficult decisions to get the finances onto a stable and sustainable footing. The Council will change how it works; reshaping or reducing the services provided so that the Council is financially sustainable in the long-term. One improvement in 2024/25 was the use of only £7.7m of Exceptional Financial Support, equivalent to the deficit of the General Fund, which clearly demonstrates the gradual improvement in financial management. Nonetheless, the council recognises it is still at the foothills of the improvement journey.

Over the next few years, these decisions will create a very different Council and there will be further review and change to reflect the significant anticipated budget gaps which will require additional savings to be found. The Council's priority actions remain aligned with the resources available.

The Council is on a journey of transformation and continuous improvement; since the adoption of a new constitution in 2021. Fiscal sustainability has been supported by a new Budget Review and Oversight Group made up of senior councillors, the Chief Financial Officer and Corporate Directors, with additional advice and guidance from the Improvement and Assurance Board and latterly the appointed Commissioners.

### 1.1.6 Achievements in 2024/25

Despite the challenges identified above the Council still managed several significant achievements in 2024/25:

- Ofsted have recognised sustained improvements in children's services.
- Launched a new regional fostering recruitment hub, streamlining support for foster carers.

- Completed over 250 schemes, including resurfacing more than 100km of roads and paths, as part of the Streets for People programme, winning a national Association for Public Service Excellence (APSE) award.
- Secured £20m in government funding for Bulwell regeneration and established Clifton Town Board to deliver £20m projects in Clifton.
- The award-winning Streets for People Programme has delivered £2.3m bin and tree replacement programmes, carriageway and footpath resurfacing, and a number of traffic and safety improvements.
- Completed 100 new high-quality council homes in Bestwood and Top Valley.
- Introduced the Homelessness Strategy, focusing on prevention and reducing rough sleeping by tackling its root causes.
- Worked with partners to achieve Purple Flag status, recognising Nottingham as a safe and vibrant nightlife destination.
- Won 'Local Authority of the Year' at the East Midlands Energy Efficiency Awards.
- Installed 275 e-bike and e-scooter racks across the city to support active travel.
- Successfully retrofitted over 13,076 homes to make them more energy efficient.
- Upgraded over 36,000 streetlights to improve energy efficiency.
- Supported 938 Nottingham residents into employment and helped 187 potential entrepreneurs to set up new businesses.
- Completed the £7.8 million Cross-City Cycle Routes programme, enhancing cycling and pedestrian infrastructure.
- Successfully secured over £4m from the 'Safer Roads Fund' to provide road safety improvements.
- Unveiled the Broad Marsh Masterplan, outlining ambitious redevelopment plans, and secured £3.4 million in funding to progress further demolition and redevelopment on the site.

## 1.2 Financial Strategy and Performance

### 1.2.1 Economic and Funding Overview

As seen across many other local authorities, the Council is experiencing significant overspends relating to social care and temporary accommodation.

The overall overspend is mainly dealing with the impact of rising costs due to continued high level of inflation, increase in demand and complexity of need and costs of social care, SEND transport and temporary accommodation and the impact of cost-of-living crisis which also affects important income streams of the Council.

Significant overspends continue to be forecasted across all services, a large proportion of the overspend in 2024/25 was recurring which has been factored into the 2025/26 Budget and Medium-Term Financial Plan growth process.

### 1.2.2 Revenue Outturn

A summary of the position of a net underspend of (£33.287m) against an approved budget of £356.800m is shown in table below. This figure incorporates the use of £7.737m of EFS. The table shows the position for each Directorate and budget outturn position.

	Revenue Outturn 2024/25		
	Budget £m	Outturn £m	Variance £m
Adults and Public Health	88.518	93.966	5.448
Children's and Education	94.719	93.817	(0.902)
Communities, Environment and Resident Services	35.237	24.674	(10.562)
Growth and City Development	0.238	(2.838)	(3.076)
Finance and Resources	47.614	46.936	(0.678)
Chief Executive	(4.343)	(5.362)	(1.019)
Companies	(0.295)	(1.295)	(1.000)
<b>Total Departments</b>	<b>261.687</b>	<b>249.899</b>	<b>(11.788)</b>
Corporate	95.113	73.614	(21.499)
<b>Total Gross Position</b>	<b>356.800</b>	<b>323.513</b>	<b>(33.287)</b>

*The figures in the table may not sum exactly due to rounding*

Corporate budgets have an underspend of (£21.499m) improvement. This is largely due to not needing to use a £4m contingency budget held Corporately, following a review of reserves not actioning a £10m budgeted contribution, and a £2.8m improvement related to treasury management.

Communities, Environment and Resident Services directorate saw an underspend of (£10.562m) for the year. This was mainly due to increased income across several services and early delivery of several 2025/26 savings. There have been additional show bookings at both the Theatre and the Royal Concert Hall with an increase in ticket sales and higher footfalls increasing secondary spend in the venues. Income from Leisure Services has also increased with better-than-expected customer retention. District Heating income increased due to a tariff increase spell and sales of Renewable Obligation Certificates. There were also cost underspends due to staffing vacancies in several services and the project to look at future options for District Heating was rescheduled from this year into 2025/26.

Children's, Education and Schools the shift was £2.8m improvement compared to period 10. Which was mainly attributable to a combination of expenditure (on placements), and non-pay budgets being lower than anticipated for year end and the impact of final slippages against vacant posts that have remained unfilled across the directorates until final outturn.

Adults and Public Health - £5.448m overspend due to £7.289m undelivered savings and £3.637m overspend on external care package related income and expenditure (non savings related). This has been partly offset by underspends on staffing and running costs budgets across the Directorate due to posts being held as well as slippage against recruitment plans.

Growth, City and Development - (£3.076m) Underspends in Housing (£1.763m), Parking & Traffic (£1.492m), Strategic Assets & Property (£0.717m), and Transport (£0.710m), driven by temporary accommodation efficiencies, income gains, and vacancy savings. However, overspends were recorded in FM & Building Services due

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to income shortfalls and material cost increases, and in Planning & Building Control (£0.541m) due to a national decline in major applications and competitive market pressures.

Finance and Resources (£0.678m) underspend due to reduced external audit fees and bank contract costs (£1.105m), reduced employee and supplies and services costs in the Human Resources service (£0.853m) which are partially offset by procurement savings not achieved and Customer service employee costs.

Chief Executive (£1.019m) underspend mainly due to savings on commissioner budget (£0.382m), lower employee costs and additional income in Communications and Marketing (£0.351m).

More details can be found in the Outturn Report.

### 1.2.3 Capital Position

A summary of the capital programme outturn for 2024/25 is set out in the table below, showing a net variance of (£108.501m) to revised budget:

	Capital Programme Outturn 2024/25		
	Budget £m	Outturn £m	Variance £m
Adults and Public Health	2.245	2.621	0.376
Children's and Education	5.739	3.997	(1.742)
Communities, Environment and Resident Services	16.647	12.578	(4.069)
Growth and City Development	49.470	39.452	(10.018)
Finance and Resources	1.150	0.614	(0.536)
Chief Executive	0.113	0.113	-
Transformation	3.192	2.392	(0.800)
Exceptional Financial Support (EFS)	41.024	7.737	(33.287)
<b>Total Council Capital Schemes Approved and Incepted</b>	<b>119.580</b>	<b>69.504</b>	<b>(50.076)</b>
Planned Schemes	1.009	-	(1.009)
<b>Total General Fund Approved Council Capital Schemes</b>	<b>120.589</b>	<b>69.504</b>	<b>(51.085)</b>
HRA Approved Schemes	63.441	50.356	(13.085)
HRA Planned Schemes	0.025	0.025	-
<b>Total HRA Schemes</b>	<b>63.466</b>	<b>50.381</b>	<b>(13.085)</b>
Accountable Body Schemes	124.071	79.740	(44.331)
<b>Total Capital Programme</b>	<b>308.126</b>	<b>199.625</b>	<b>(108.501)</b>

The council underspent the budget primarily due to:

- £40m underspend on housing improvement and social housing decarbonisation capital grants for which the council is the accountable body but not responsible for the expenditure.
- £33m underspend on Exceptional Financial Support, which reflects the strengthening financial management of the council.
- £30m of net slippage of General Fund and Housing Revenue Account expenditure into 2025/26. This does not necessarily lead to over or underspends.

Over the life of the programme the Council will be reducing the use of Prudential Borrowing to ensure that the programme is sustainable and affordable in line with the Council's Voluntary Debt Reduction Policy. This led to a £56m reduction in external borrowing and a £64m reduction in the Capital Financial Requirement in 2024/25.

### 1.2.4 Addressing Risk and Future Challenges

The Council is committed to making the changes needed to secure long term financial stability whilst maintaining services to residents.

The Council was granted Exceptional Financial Support by the Government of up to £66.143m (£25m in 2023/24 & £41.143m in 2024/25); this is not additional funding but an allowance to use capital resources from the sale of assets to fund service delivery costs.

Asset rationalisation is a significant part of the Improvement Plan and Budget Strategy; all assets have been reviewed and some endorsed as being suitable for disposal. This should both fund EFS, provide resources to reduce the CFR and also to generate budgetary savings from more efficient use of internal resources.

Despite a significant amount of savings proposed as part of the 2024/25 budget and four-year medium term financial plan (MTFP), there is a projected budget gap of £20.793m in 2025/26, which is covered by EFS. As the council managed to only use £7.7m of EFS in 2024/25, it intends to reduce the use of EFS further in 2025/26.

MTFP approved by City Council in March 2025 included a funding gap of £20.8m in 2025/26, rising to £54m in 2028/29. As such, the council intends to generate new savings proposals over the Summer that will aid the reduction of the gap and remove the reliance permanently off EFS.

## 1.3 Explanation of Accounting Statements for 2024/25

The Statement of Accounts sets out the Council's financial performance for 2024/25. It is comprised of core statements and supplementary financial statements with relevant supporting notes and is shown as both single entity accounts and as consolidated group accounts. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and International Financial Reporting Standards defines the format of the Statement of Accounts.

An Abbreviation and Glossary section has been included in section 8 of this document.

The Statement of Accounts Core Statements are:

### 1.3.1 Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure Statement shows the Council's income and expenditure for the financial year. The top half of the statement analyses income and expenditure by portfolio. The bottom half of the statement gives a breakdown of corporate transactions and funding. Expenditure is made up of:

- The statutory services and activities that the Council is required to deliver, for example street cleaning and refuse collection and
- Discretionary expenditure for local priorities and needs.

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### 1.3.2 Movement in Reserves Statement (MIRS)

The Movement in Reserves Statement (MIRS) summarises the changes within the Council's reserves over the financial year. These reserves are either:

- Useable (those that can be applied to fund expenditure or reduce local taxation), or
- Unusable (not available to support services and are set aside for specific purposes).

Surpluses and deficits from previous financial years are reflected in the reserve figures brought forward in the Movement in Reserves Statement - see section 3.3 Core Financial Statements in the Statement of Accounts.

The movements in reserves in 2024/25 are summarised below:

	31 March 2024 £m	Movement 2024/25 £m	31 March 2025 £m
General Fund	22.719	40.821	63.540
Earmarked General Fund Reserves	197.285	(4.771)	192.514
Other Usable Reserves	147.987	52.830	200.817
Unusable Reserves	2,273.349	27.523	2,300.872
<b>TOTAL AUTHORITY RESERVES</b>	<b>2,641.340</b>	<b>116.403</b>	<b>2,757.743</b>

### 1.3.3 Balance Sheet

The Balance Sheet is a snapshot of the Council's assets, liabilities, cash balances and reserves as at 31 March 2025.

The Balance Sheet is summarised below:

	31 March 2024 £m	31 March 2025 £m
Long Term Assets	3,556.359	3,578.013
Net Current Assets / (Liabilities)	249.415	260.001
Long Term Liabilities	(1,164.434)	(1,080.271)
<b>NET ASSETS</b>	<b>2,641.340</b>	<b>2,757.743</b>
Usable Reserves	367.991	456.871
Unusable Reserves	2,273.349	2,300.872
<b>TOTAL RESERVES</b>	<b>2,641.340</b>	<b>2,757.743</b>

The movement in Long Term Assets from 2023/24 to 2024/25 is mainly due to:

- A net increase in Property Plant & Equipment of £24.767m. Further details regarding movements in Property Plant and Equipment can be found in note 4.4.1.

Details of the movements on other Long Term Assets are provided in the notes to the Balance Sheet.

The Council had two material provisions (greater than £5m) carried within the balance sheet as at 31 March 2025, a provision for Insurance Compensation Claims and a



provision for NNDR Appeals (Long Term Provisions). The carrying value as at 31 March 2025 of the Insurance Compensation Claims provision (£16.773m) is to meet the cost of claims arising from self-insured risks and risks which fall below the external policy retention levels. The carrying value as at 31 March 2025 of the NNDR Appeals provision (£5.522m) is to cover the risk of non-collection of NNDR following appeals.

For further information, please refer to note 4.4.10 Provisions in the Balance Sheet Statement of Accounts notes.

### Pension Liability

The Council is a member of the Nottinghamshire County Council pension fund. An independent actuary evaluates the assets and liabilities of the fund attributed to the Council on an annual basis. The actuary has estimated that, as at 31 March 2025, the Council's fund was in deficit by £80.472m (£88.600m deficit as at 31 March 2024). Actuarial valuations are undertaken every three years and a deficit recovery plan is in place to reduce the liability to zero within 16 years.

For further information, please refer to note 4.4.14 and Section 7.

### 1.3.4 Cash Flow Statement

The Cash Flow Statement explains the movement in the Council's cash balances during the year and sets out whether the change is due to operating activities, new investment or financing activities.

### 1.3.5 Supplementary Financial Statements

The Supplementary Financial Statements are:

- The **Annual Governance Statement**, which sets out the governance structures of the Council and its key internal controls. A copy of the document can be viewed here:

[Statement of Accounts and Reports - Nottingham City Council](#)

- The **Group Accounts** which report the consolidated assets and liabilities of the Council and the companies and entities over which the Council has control or significant influence.
- The **Housing Revenue Account** (HRA) records all revenue expenditure and income relating to the provision of council dwellings and related services.
- The **Collection Fund** summarises the collection of Council Tax and National Non-Domestic Rates (NNDR), and the redistribution of some of the money to the precepting authorities and central government.
- The **Expenditure and Funding Analysis** (EFA) shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and NNDR) by the Council in comparison with those resources consumed or earned by the Council in accordance with International Financial Reporting Standards (IFRS's).

The notes to these financial statements provide more detail about the Council's accounting policies and transactions.

### 1.4 Post Balance Sheet Update

#### 1.4.1 Significant Event Updates, including continued Government Intervention

The information in this Narrative Report sets out the position for the 2024/25 financial year. The following bullet points provide an update on significant events for the Council since 31 March 2025 up until the time of writing:

- On 12 May 2025, the Council appointed Stuart Fair as the statutory Section 151 Officer on a permanent basis.

# Section 2

# Statement of Responsibilities

## 2.1 Statement of Responsibilities for the Statement of Accounts

### **The Authority's Responsibilities**

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that responsibility rests with the Corporate Director, Finance and Resources.
- 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 is to be put before a meeting of the Audit Committee for approval on 25<sup>th</sup> July 2025.

Signed:

Date:

**Councillor Nayab Patel**

Chair of the Audit Committee

### **The Corporate Director, Finance and Resources Responsibilities**

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

In preparing this Statement of Accounts, I have:

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

I have also:

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

## Section 2 – Statement of Responsibilities

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### **The Corporate Director, Finance and Resources Certification**

I certify that these financial statements give a true and fair view of the financial position of the Authority at 31 March 2025 and of its income and expenditure for the year then ended.

Signed:

Date: 11 July 2025

A handwritten signature in dark ink, appearing to be 'Stuart Fair', written over a light blue horizontal line.

**Stuart Fair**

Corporate Director, Finance and Resources  
Loxley House  
Station Road  
Nottingham  
NG2 3NG

# Section 3

## Core Financial Statements

### 3.1 Comprehensive Income and Expenditure Statement (CIES)

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

As outlined in note 4.3.1 Prior Year Reclassifications, the 2023/24 CIES has been restated to align with the 2024/25 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

Notes	Restated 2023/24			2024/25		
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure £m	Income £m	£m	Expenditure £m	Income £m	£m
Adults	199.264	(104.625)	94.639	212.593	(120.203)	92.390
Chief Executive	22.346	(18.132)	4.214	22.304	(19.466)	2.838
Childrens	122.569	(39.421)	83.148	133.706	(35.956)	97.750
Commissioning and Partnerships	3.208	(1.321)	1.887	3.938	(1.370)	2.568
Communities, Environment and Resident Services	169.693	(96.842)	72.851	169.064	(109.795)	59.269
Education	48.565	(44.900)	3.665	57.214	(54.643)	2.571
Finance and Resources	172.199	(126.725)	45.474	174.084	(128.297)	45.787
Growth and City Development	99.687	(72.354)	27.333	103.213	(76.122)	27.091
Public Health	31.814	(35.490)	(3.676)	35.175	(40.185)	(5.010)
Schools	124.834	(124.616)	0.218	135.226	(132.245)	2.981
Corporate Items and Companies	56.663	(62.646)	(5.983)	56.530	(62.424)	(5.894)
Housing Revenue Account (HRA)	107.151	(142.215)	(35.064)	106.667	(141.633)	(34.966)
HRA - Revaluation (gain) / loss on Council Dwellings	23.522	-	23.522	10.281	-	10.281
4.3.1 &						
4.3.2 <b>Cost of Services</b>	<b>1,181.515</b>	<b>(869.287)</b>	<b>312.228</b>	<b>1,219.995</b>	<b>(922.339)</b>	<b>297.656</b>
4.3.3 Other operating expenditure			14.045			3.058
4.3.4 Financing and investment income and expenditure			29.073			9.376
4.3.5 Taxation and non-specific grant income			(351.176)			(363.499)
4.3.6 <b>(Surplus)/Deficit on Provision of Services</b>			<b>4.170</b>			<b>(53.409)</b>
4.3.8 Revaluation of PPE/Heritage assets			(106.575)			(70.789)
4.3.9 Re-measurement of pension assets/liabilities			(8.034)			7.795
<b>Other Comprehensive (Income) and Expenditure</b>			<b>(114.609)</b>			<b>(62.994)</b>
<b>TOTAL COMPREHENSIVE (INCOME) AND EXPENDITURE</b>			<b>(110.439)</b>			<b>(116.403)</b>

### 3.2 Balance Sheet

This statement shows the value of assets and liabilities held by the Council as at 31 March. The net assets (i.e. assets less liabilities) are matched by the reserves held. Reserves are reported in two categories:

- Usable reserves - those reserves that may be used to help provide services or reduce taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Unusable reserves – those reserves that cannot be used to fund Council Services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to help 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'.

Notes	31 March 2024 £m	31 March 2025 £m
4.4.1 Property, Plant & Equipment	3,173.689	3,198.456
4.4.2 Heritage Assets	76.052	78.746
4.4.3 Investment Property	200.554	198.273
Intangible Assets	4.019	2.844
4.4.15 Long Term Investments	14.855	12.865
4.4.15 Long Term Debtors	87.190	86.829
<b>Long Term assets</b>	<b>3,556.359</b>	<b>3,578.013</b>
4.4.4 Assets Held for Sale (current)	46.496	17.629
Intangible Assets	0.020	0.050
4.4.15 Short Term Investments	260.852	254.617
4.4.5 Inventories	1.207	1.839
4.4.6 Short Term Debtors	119.035	117.367
4.4.8 Cash and Cash Equivalents	99.732	124.397
<b>Current Assets</b>	<b>527.342</b>	<b>515.899</b>
4.4.15 Short Term Borrowing	(44.095)	(41.823)
4.4.9 Short Term Creditors	(190.455)	(177.393)
4.4.13 Revenue Grants Received in Advance	(32.955)	(17.479)
4.3.7 Contract Liabilities	(9.081)	(18.215)
4.4.10 Provisions (current provisions)	(1.341)	(0.988)
<b>Current Liabilities</b>	<b>(277.927)</b>	<b>(255.898)</b>
4.4.15 Long Term Borrowing	(767.693)	(711.266)
4.3.7 Long Term Contract Liabilities	(2.440)	(0.924)
4.4.15 Other Long Term Liabilities	(136.510)	(151.575)
4.4.10 Provisions (non-current)	(30.063)	(25.789)
4.4.13 Capital Grants Receipts in Advance	(138.987)	(110.054)
4.4.13 Revenue Grants Received in Advance	(0.141)	(0.191)
4.4.14 Defined Benefit Pension Scheme	(88.600)	(80.472)
<b>Long Term Liabilities</b>	<b>(1,164.434)</b>	<b>(1,080.271)</b>
<b>NET ASSETS</b>	<b>2,641.340</b>	<b>2,757.743</b>
4.4.11 Usable Reserves	367.991	456.871
4.4.12 Unusable Reserves	2,273.349	2,300.872
<b>TOTAL RESERVES</b>	<b>2,641.340</b>	<b>2,757.743</b>



### 3.3 Movement in Reserves Statement (MIRS)

This statement shows the in-year movement of reserves, analysed into 'usable reserves' and 'unusable reserves' (see section 3.2). The Total Comprehensive Income and Expenditure from the CIES is added to the opening balance for the year. Adjustments are then made to reflect the statutory amounts required to be charged to the General Fund Balance and the HRA for Council Tax setting and dwellings rent setting purposes, to arrive at the Net Increase / Decrease before Transfers to Earmarked Reserves. The Council then has discretion to earmark General Fund Reserves for specific purposes as shown by the Transfers to / from Earmarked Reserves line. The General Fund and Earmarked General Fund in total form the statutory General Fund.

2024/25	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Ledger Balance at 31 March 2024</b>	<b>22.719</b>	<b>197.285</b>	<b>220.004</b>	<b>60.124</b>	<b>0.626</b>	<b>36.061</b>	<b>49.907</b>	<b>1.269</b>	<b>367.991</b>	<b>2,273.349</b>	<b>2,641.340</b>
<b>Outstanding Statutory (Item 9)</b>											
<b>Adjustments:</b>											
2nd Item 9 Credit Application (Note 5.1.3.10)	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-
<b>Corrected Balance at 31 March 2024</b>	<b>22.719</b>	<b>192.667</b>	<b>215.386</b>	<b>64.742</b>	<b>0.626</b>	<b>36.061</b>	<b>49.907</b>	<b>1.269</b>	<b>367.991</b>	<b>2,273.349</b>	<b>2,641.340</b>
<b>Movement in 2023/24:</b>											
Total CIE* (Table 3.1)	37.174	-	37.174	16.235	-	-	-	-	53.409	62.994	116.403
Funding basis adjustments (Note 4.5.1)	(1.124)	-	(1.124)	0.349	-	38.130	(1.237)	(0.647)	35.471	(35.471)	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>36.050</b>	<b>-</b>	<b>36.050</b>	<b>16.584</b>	<b>-</b>	<b>38.130</b>	<b>(1.237)</b>	<b>(0.647)</b>	<b>88.880</b>	<b>27.523</b>	<b>116.403</b>
Transfers to/from earmarked reserves	4.771	(4.771)	-	(0.047)	0.047	-	-	-	-	-	-
<b>Movement in Year</b>	<b>40.821</b>	<b>(4.771)</b>	<b>36.050</b>	<b>16.537</b>	<b>0.047</b>	<b>38.130</b>	<b>(1.237)</b>	<b>(0.647)</b>	<b>88.880</b>	<b>27.523</b>	<b>116.403</b>
<b>BALANCE AT 31 MARCH 2025</b>	<b>63.540</b>	<b>187.896</b>	<b>251.436</b>	<b>81.279</b>	<b>0.673</b>	<b>74.191</b>	<b>48.670</b>	<b>0.622</b>	<b>456.871</b>	<b>2,300.872</b>	<b>2,757.743</b>
<b>Outstanding Statutory (Item 9)</b>											
<b>Adjustments:</b>											
2nd Item 9 Credit Application (Note 5.1.3.10)	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2025</b>	<b>63.540</b>	<b>192.514</b>	<b>256.054</b>	<b>76.661</b>	<b>0.673</b>	<b>74.191</b>	<b>48.670</b>	<b>0.622</b>	<b>456.871</b>	<b>2,300.872</b>	<b>2,757.743</b>

\* CIE - Comprehensive Income and Expenditure

## Section 3 – Core Financial Statements

2023/24	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Ledger Balance at 31 March 2023</b>	8.877	195.435	204.312	56.763	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901
<b>Outstanding Statutory (Item 9)</b>											
<b>Adjustments:</b>											
2nd Item 9 Credit Application (Note 5.1.3.10)	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-
<b>Corrected Balance at 31 March 2023</b>	8.877	190.817	199.694	61.381	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901
<b>Movement in 2023/24:</b>											
Total CIE* (Table 3.1)	(8.650)	-	(8.650)	4.480	-	-	-	-	(4.170)	114.609	110.439
Funding basis adjustments (Note 4.5.1)	24.342	-	24.342	(0.982)	-	(15.749)	11.248	(0.134)	18.725	(18.725)	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	15.692	-	15.692	3.498	-	(15.749)	11.248	(0.134)	14.555	95.884	110.439
Transfers to/from earmarked reserves	(1.850)	1.850	-	(0.137)	0.137	-	-	-	-	-	-
<b>Movement in Year</b>	13.842	1.850	15.692	3.361	0.137	(15.749)	11.248	(0.134)	14.555	95.884	110.439
<b>BALANCE AT 31 MARCH 2024</b>	22.719	192.667	215.386	64.742	0.626	36.061	49.907	1.269	367.991	2,273.349	2,641.340
<b>Outstanding Statutory (Item 9)</b>											
<b>Adjustments:</b>											
2nd Item 9 Credit Application (Note 5.1.3.10)	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2024</b>	22.719	197.285	220.004	60.124	0.626	36.061	49.907	1.269	367.991	2,273.349	2,641.340

\* CIE - Comprehensive Income and Expenditure

## 3.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents held by the Council during the reporting period and how these are generated or used by classifying cash flows as operating, investing and financing activities. The value of net cash flows arising from operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been used to generate resources intended to contribute to 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).

Notes	2023/24 £m	2024/25 £m
<b>Net Surplus/(Deficit) on the provision of Services</b>	<b>(4.170)</b>	<b>53.409</b>
4.6.1 Adjustments to net surplus or deficit on the provision of services for non-cash movements	219.431	115.742
4.6.2 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(173.577)	(189.565)
<b>4.6.3 Net Cash Flows from Operating Activities</b>	<b>41.684</b>	<b>(20.414)</b>
4.6.4 Investing activities	(1.909)	127.113
4.6.5 Financing activities	(81.235)	(82.034)
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>(41.460)</b>	<b>24.665</b>
Cash and cash equivalents at the beginning of the reporting period	141.192	99.732
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>99.732</b>	<b>124.397</b>

# Section 4

# Notes to the Financial Statements

These notes provide information to support and help in interpreting the Financial Statements.

## 4.1 Accounting Policies

This section explains the accounting policies applied in producing the Statement of Accounts.

### 4.1.1 General Principles

#### 4.1.1.1 Statutory Guidance and Accounting Standards used

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS). The Statement of Accounts is prepared on a going concern basis.

#### 4.1.1.2 Accounting Convention

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

#### 4.1.1.3 Accounting Developments and Changes

The following accounting standard amendments have been introduced by the Code for 2024/25:

- IFRS 16 Leases issued in January 2016
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023

## Section 4 – Notes to the Financial Statements

---

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

The application date and initial adoption date of the above standards is 1 April 2024.

Changes to lease accounting standards under IFRS 16 will require to be implemented by local authorities from the 2024/25 financial year onwards, although earlier adoption was optional. The Council did not choose to implement the changes until 2024/25. The changes will apply prospectively and a restatement of the balance sheet for prior years is not required. The changes will affect accounting for assets leased in and will remove the current distinction between finance leases and operating leases. All leases in will require the recognition of a 'right of use' asset and a liability to pay future rentals. This will bring short term leases in of assets within the scope of the local authority statutory capital framework.

The amendments to the other standards listed above are either not applicable or do not have a material effect on the Statement of Accounts and accounting policies.

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

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

A full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

Changes in accounting estimates will be accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to prior period adjustment.

### 4.1.1.5 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date of 31 March and the date when the Statement of Accounts is authorised for issue. The two types of events and the accounting treatment are given below:

- For any material events after the balance sheet date which provide additional evidence regarding conditions existing at the balance sheet date, an adjustment has been made to the Statement of Accounts.
- Material events after the balance sheet date which concerned conditions not existing at 31 March have been disclosed as a separate note to the accounts.

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

### 4.1.1.6 Accruals of Expenditure and Income

The revenue and capital accounts of the Council are maintained on an accruals basis i.e. activity is accounted for in the year it takes place, not simply when cash payments are made or received. Further details are given below:

## Section 4 – Notes to the Financial Statements

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- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure in the period during which they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. For some quarterly payments including gas and electricity, expenditure is recorded at the date of meter reading rather than being apportioned between financial years. This practice is consistently applied each year and therefore does not have a material effect on the year's accounts.
- Expenses for goods or services are recorded as expenditure when the goods or services are received by the Council rather than when payments are made.
- Where income and expenditure has been recognised but cash has not been received or paid, an appropriate class of asset or liability for the relevant amount is recorded in the Balance Sheet. Cash received or paid and not yet recognised as income or expenditure is shown as a creditor (receipt in advance or contract liability) or debtor (payment in advance) in the Balance Sheet and the Comprehensive Income and Expenditure Statement (CIES) adjusted accordingly. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made against the loss allowance or to revenue in Financing and Investment Income and Expenditure (where there is no specific loss allowance). Loss allowances are set up for expected future credit losses and are offset against the debtor balance on the Balance Sheet. The level of loss allowance is periodically reviewed with any movements being debited or credited to the CIES.
- Works are charged as expenditure once complete, prior to completion (work in progress) they are carried as inventories on the Balance Sheet.
- For significant accruals such as pay awards, estimates are made based on the best information available at the time. Cost of pay awards not yet settled but likely to apply to part of the financial year to which the accounts relate are based on forecast cost.
- Interest payable on borrowings and interest receivable on investments is accounted for as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Income and expenditure are credited and debited to the relevant service in the CIES. Capital expenditure creates a fixed asset which is shown on the Balance Sheet.
- Accruals have been made on the basis of the known value of the transaction wherever possible. Where estimates have been required to be made, they are based on appropriate and consistently applied methods. In the case of highways and building works, the related assets or liabilities will be valued at the year-end by colleagues working in the relevant service. Where there has been a change to an estimation method from that applied in previous years and the effect is material, a description of the change and if practicable, the effect on the results for the current period is separately disclosed.
- Accruals are made for all material sums.

## Section 4 – Notes to the Financial Statements

### 4.1.1.7 Schools

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the group accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

### 4.1.1.8 Choices permitted under IFRS

For some policies, IFRS provides different options that can be used and the Council has for a number of years, chosen to apply the following:

#### De Minimis Capital Expenditure

All assets acquired can be included in the Balance Sheet, regardless of their cost. However, where the current value is less than the following amounts the Council may choose to exclude the asset from the Balance Sheet:

	£m
Vehicles and Plant	0.003
Computer Equipment	0.005
Land and Buildings	0.010
Heritage Assets	0.005

#### Componentisation

Where an asset consists of significant components that have different useful lives and/or depreciation methods, these components are separately identified and depreciated accordingly. The Council has chosen to only apply componentisation where the value of the asset is in excess of £3m.

#### Depreciation (including amortisation of intangible assets)

Certain property, plant and equipment components and intangible assets are written down over time and charged to revenue. IFRS allows the Council to choose the asset life over which this write down occurs as well as the depreciation method. The following assets are depreciated on a straight line basis over their individually assessed useful life, unless otherwise stated:

- Buildings, dwellings, vehicles, plant, furniture and equipment.
- Infrastructure.
- Intangible assets.

### 4.1.2 Policies primarily affecting the CIES

#### 4.1.2.1 Government Grants and Contributions

Government grants and other contributions are recognised as being due to the Council when the conditions attached to them have been satisfied and there is reasonable assurance that the grant or contribution will be received.



Grants and contributions are credited to income when there is reasonable assurance that the attached conditions will be met. Any grants received where conditions have not been met are carried in the Balance Sheet as Grants Received in Advance. When all conditions are satisfied, the grant is credited to the relevant directorate line and non-ring fenced grants and capital grants are credited to Taxation and Non-specific grant income in the CIES.

### 4.1.2.2 Business Improvement Districts (BID)

A BID scheme applies across the city. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council is the BID billing authority and acts as agent under the scheme. The BID transactions are therefore not recognised in the CIES.

### 4.1.2.3 Employee Benefits

#### **Benefits Payable During Employment**

Salaries, paid annual leave and paid sick leave are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of the holiday entitlements or for any form of leave allowed under terms and conditions of service, which employees have earned during the year and are able to carry forward into the next financial year.

The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. They are charged on an accruals basis to the Corporate Items line or the relevant directorate line in the CIES (depending on reason for termination) when the Council is demonstrably committed to the termination of the employment of an employee or group of employees or are making an offer to encourage voluntary redundancy.

#### **NHS Pension Scheme**

Pension costs relating to the NHS Pension Scheme have been treated as defined contribution schemes and the costs are charged to the relevant directorate line in the CIES.

#### **Teachers' Pension Scheme**

Pension costs relating to Teachers' Pension Scheme have been accounted for as defined contribution schemes and the costs are charged to the relevant directorate line in the CIES. The arrangements for the teachers' pension scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

#### **Defined Benefit Schemes (Local Government Pension Scheme)**

Within the CIES, services have been charged with their current service cost. This represents the extent to which the pension liability has increased as a result of employee service during the year.

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Past service costs (the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years), and settlements have been charged to Corporate Items in the CIES.

Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority (the change during the period in the net defined benefit liability (asset) that arises from the passage of time) is charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The CIES shows the re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

### **Discretionary Benefits**

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

#### **4.1.2.4 Charges to Service Revenue Accounts for Non-Current Assets**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

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

#### **4.1.2.5 Financing and Investment**

The financing and investment line of the CIES is charged or credited for the following amounts relating to investments:

- Income, expenditure and changes in the fair value of investment properties – comprising of upward and downward movements in the value of properties, together with any gains and losses arising on disposal and rentals receivable and expenses incurred in relation to properties.

- Gains and losses of financial instruments including:
  - Interest revenue calculated using the effective interest method.
  - Gains and losses arising from de-recognition of financial assets measured at amortised cost.
  - Impairment losses (including reversals of impairment losses or impairment gains).
- Net interest on Defined Benefit Pension Schemes.

### 4.1.2.6 Other Operating Expenditure

Other operating expenditure includes charges for:

- The proportion of receipts relating to HRA disposals payable to the Government.
- Gains or losses on sale and de-recognition of non-current assets (excluding investment properties).
- Levies.

### 4.1.2.7 Overheads and Support Services

Overheads and support services are reported within directorate lines of the CIES, based on the organisational structure under which the Council operates.

### 4.1.2.8 Council Tax and National Non Domestic Rates (NNDR)

As a billing authority the Council acts as agent, collecting Council Tax and NNDR on behalf of the major preceptors and central government and, as principal, collecting rates for themselves. The Council maintains a separate Collection Fund that shows the transactions for the collection from taxpayers and distribution to preceptors, the Council and the Government of Council Tax and NNDR. The Council's share of the Council Tax and NNDR is credited to the CIES. The transactions presented in the Collection Fund statement are limited to the cash flows permitted by statute for the financial year, whereas the Council will recognise income on a full accrual basis.

There is no requirement for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting Council Tax and NNDR belong to the bodies (i.e. preceptors, the Council and the Government) on behalf of which the Council collects these taxes.

The Council's balance sheet includes its share of the end of year balances in respect of Council Tax and NNDR relating to the arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood that payments due under statutory arrangements will not be made, the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### 4.1.2.9 Joint Operations

Joint operations are activities undertaken by the Council in conjunction with other venturers that use the assets and resources of the venturers but is not a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

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### 4.1.2.10 Acquired Operations

Operations acquired by the Council are accounted for in accordance with the Code and are disclosed in the accounts. If these are material they will be disclosed separately in the CIES under the heading of 'acquired operations'.

### 4.1.2.11 Exceptional Items

Normally any material exceptional items are separately identified on the face of the CIES in order to give a fair presentation of the accounts. Where these items are less significant they are included within the cost of the relevant service.

### 4.1.2.12 Value Added Tax

Income and expenditure excludes any amounts related to VAT, except for input VAT that is irrecoverable under legislation which is charged to the service that incurs the cost.

## 4.1.3 Policies primarily affecting the Balance Sheet

### 4.1.3.1 Property, Plant and Equipment (PPE), Heritage Assets and Intangible Assets

#### **PPE - Recognition**

##### *General*

All expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be reliably measured. Expenditure that maintains but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as an expense when it is incurred.

##### *Surplus Assets*

Assets that are surplus to service needs but that do not meet the classification of Investment Property or Assets Held for Sale are classified as PPE 'Surplus' and held at fair value pending a decision on the future use of the asset.

##### *Private Finance Initiative (PFI) and Similar Contracts*

In accordance with the code, the Council accounts for its PFI contracts in accordance with IFRC 12 Service Concession Agreements. The Council is deemed to control the services that are provided under its PFI schemes and ownership will pass to the Council at the end of the contracts for no additional charge (with the exception of LIFT Joint Service Centres for which there is an option to purchase). The Council carries the assets used under the contracts, on its Balance Sheet as PPE and they are accounted for in the same way as the other assets. The original recognition of assets is at fair value with a corresponding liability for the amounts due to the scheme operator.

The amounts payable to the PFI operators are comprised of 5 elements. The Current Value of Services received during the year, Finance Cost, Contingent Rent, and Lifecycle replacement costs are all posted to the CIES. The repayment of the outstanding liability and recognition of assets from lifecycle replacement are posted to the balance sheet.

### *Heritage Assets*

Acquisitions are either purchased by the City Council or donated by a third party. Purchases are initially recorded at cost while donations are held at nil value until the assets related collection is externally valued within the heritage asset valuation cycle.

Items are omitted from the Balance Sheet where the Council is unable to obtain the valuations at a cost which is commensurate with the benefits it would provide to users of the financial statements.

Depreciation or amortisation is not required on assets with indefinite useful lives.

### *Intangible Assets*

Intangible assets where the Council has control of the asset through either custody or legal protection, for example software licences, are capitalised at cost.

### *Leases*

#### *The authority as lessee*

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

#### *Initial measurement*

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the

## Section 4 – Notes to the Financial Statements

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underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

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

### *Subsequent measurement*

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

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

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

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a
- residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or
- termination option, or
- there is a revised in-substance fixed lease payment.

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

### *Low value and short lease exemption*

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly
- dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to



exercise and any termination options that the authority is reasonably certain not to exercise).

### *Lease expenditure*

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

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### *The authority as lessor*

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

### *Finance leases*

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease
- debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve (England and Wales) or capital receipts reserve (Scotland)] in the Movement in Reserves Statement. [When the future rentals are received, the element for the capital receipt for the

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

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

### *Operating leases*

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

### **Measurement**

Assets are initially measured at cost, i.e. purchase price plus any costs incurred in bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs. Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets are generally valued at depreciated historical cost.
- Community assets for example parks and land used for cemeteries and crematoria are generally valued at historical cost.
- Council dwellings are valued at Existing Use Value for Social Housing as defined in the Royal Institute of Chartered Surveyors valuation manual. The valuation exercise was carried out in accordance with guidance issued by the Department for Communities and Local Government in 2016 based on a desktop revaluation of beacon properties by the external valuers HEB.
- Other land and buildings are valued at current value, the amount that would be paid for the asset in its existing use. Where insufficient market based evidence of current value is available because an asset is specialised in nature, Depreciated Replacement Cost has been applied.
- Finance leases are recognised at present value of the minimum lease payments.
- Heritage assets are reported in the Balance Sheet at an externally adjusted valuation. These external valuations have been carried out by a variety of qualified experts in the relevant field. These external valuations are adjusted annually by the Council to provide an internal valuation which is used until the collection is periodically externally revalued. Acquisitions are held at their purchase price, adjusted annually each year (except in year of purchase), until the next valuation.
- All other assets are valued at current value.

Assets included in the Balance Sheet at current value are revalued as a minimum every 5 years. If there is evidence that there have been material changes in the value a further valuation will be undertaken.

Increases in valuations are credited to services within the CIES where they arise from the reversal of a revaluation or an impairment loss previously charged on the same asset. Any gains in excess of previous revaluation losses are matched by credits to the Revaluation Reserve.

Any revaluation losses are firstly written down against any previous revaluation gains held in the Revaluation Reserve. Where there are no previous revaluation gains, the losses are charged to the relevant directorate line of the CIES.

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

### **Impairment**

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

- Where there is a balance of revaluation gains on the Revaluation Reserve for the relevant asset, the impairment loss is charged against that balance until it is used up. If there is no balance of revaluation gains the impairment loss is charged to the relevant directorate line of the CIES.
- For intangible assets there will be no Revaluation Reserve balance, so impairment losses are charged to the relevant directorate line of the CIES only.

### **Depreciation and Amortisation**

Depreciation is provided for on all PPE assets. The annual charge to the CIES is calculated by dividing the value less any residual value of the asset by the estimated asset life. There is no depreciation on the assets in the year of acquisition, although a full year of depreciation is charged in the year of disposal. In accordance with recommended accounting practice, depreciation is not provided for in respect of freehold land, Heritage Assets, certain Community Assets and assets under construction.

Depreciation is calculated on the following bases:

- Buildings and Dwellings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life.
- Infrastructure – straight-line allocation over the useful life.
- Finance leases - over the lease term. If the lease term is shorter than the asset's estimated useful life and ownership of the asset does not transfer to the authority at the end of the lease period.
- Intangible assets – amortised on a straight line basis over the economic life.

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

The Revaluation Reserve is reduced for the depreciation relating to revaluation gains with a corresponding credit to the Capital Adjustment Account.

### **Componentisation**

Where an asset consists of significant components that have different useful lives and/or depreciation methods to the remainder of asset, these components are separately identified and depreciated. A component value must be at least 20% of the whole asset. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, the parts have been grouped to determine the depreciation charge. Componentisation only applies to enhancement and acquisition expenditure and revaluations carried out from 1st April 2010 with a de-minimis level of £3m.

### **Fair Value Measurement**

Some non-financial and financial assets of the Council are measured at fair value at the reporting date. Fair value assumes the transaction takes place either:

- In the principal market for the asset or liability, or
- The most advantageous market for the asset or liability.

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

When measuring the fair value of a non-financial asset, the Council 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.

Valuation techniques are used which maximise the use of observable inputs and minimise the use of unobservable inputs. After reviewing the inputs used the valuation is categorised within the following fair value hierarchy:

Level 1 – quote prices (unadjusted) in active markets for identical assets / liabilities that can be accessed at the measurement date.

Level 2 – inputs other than quoted prices within level 1, that are observable either directly or indirectly.

Level 3 – unobservable inputs

### **Disposal**

Assets are written out of the balance sheet on disposal through sale, granting of a finance lease, donation and transfer. This includes assets transferred because of schools academisation.

#### **4.1.3.2 Investment Property**

Investment properties are those used solely to earn rentals and/or for capital appreciation. It does not apply to properties which are being used to deliver services for the Council.

Investment properties are measured initially at cost. They are not depreciated but are revalued annually at fair value as outlined in note 4.1.3.1.

#### **4.1.3.3 Interests in Companies and Other Entities**

Inclusion in the Council's group accounts is, in accordance with the Code, dependent upon the extent of the Council's interest and control over an entity. In the Council's single-entity accounts, the interests in companies and other entities are shown as financial assets at cost, less any provision for losses.

### 4.1.3.4 PPE Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. Assets held for sale are carried at the lower of carrying value and fair value less costs to sell.

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

### 4.1.3.5 Inventories

Inventories are largely valued at latest purchase price and any difference between this and actual cost is not considered to be material. Other less significant stocks are valued at average or actual cost.

### 4.1.3.6 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (that is, where the cash flows do not take the form of a basic debt instrument).

#### **Financial Assets Measured at Amortised Cost**

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

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft

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loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

### **Expected Credit Loss Model**

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

The Council has extended the simplified approach to lease receivables and trade receivables and contract assets where there is a significant financing component.

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

The Council has a portfolio of a significant number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

The Council has grouped the loans into four groups for assessing loss allowances:

Group 1 – these loans were made to companies under control of the Council and within the group accounts. A scoring matrix system has been used to assess the risk of default for each loan. Loss allowances for these loans can be assessed on an individual basis.

Group 2 – these loans were made to non-controlled companies (outside of the Council group accounts). A scoring matrix system has been used to assess the risk of default for each loan. Loss allowances for these loans can be assessed on an individual basis.

Group 3 – these loans were made at a variable rate of interest. The Council is advised that interest rates are probably going to rise by 1%. Historical information evidences that a 1% increase in interest rates causes a significant increase in credit risk for 30% of the variable rate loans. The Council therefore uses a ‘top-down’ approach to assess an overall proportion of a group of relatively homogenous loans to determine that 30% of Group 3 loans have had a significant increase in credit risk since initial recognition.

Group 4 – for the residual group of loans, the Council relies on past due information and calculates losses based on lifetime credit losses for all loans more than 30 days past due.

The Council has provided a loan to a company in financial difficulties to ensure that the Community Centres Company is able to provide vital services for the elderly. Fifty percent of the loan is thus deemed credit impaired on origination.

This will mean that:



- as lifetime expected credit losses are taken into account in the cash flows used for calculating the effective interest rate, no loss allowance is needed on initial recognition
- a loss allowance will then be built up on the basis of the cumulative change in lifetime expected credit losses since initial recognition
- the annual impairment gain or loss will be the change in lifetime expected credit losses over the year.

### **Financial Assets Measured at Fair Value through Profit of Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

### **Financial Assets Measured at Fair Value through other comprehensive income**

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

### **Fair value measurements of financial assets**

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

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

The Council may, where it sees fit, and within the guidelines of the Code decide to designate investments in equity instruments to FVOCI or transact reclassifications, modifications or de-recognition or transfer of financial assets when applicable transactions occur.

#### **4.1.3.7 Financial Liabilities**

Financial liabilities except those held for trading are recognised on the Balance Sheet initially at fair value and carried at their amortised cost. Interest payable is charged to the Financing and Investment Income and Expenditure line of the CIES. The amount shown in the Balance Sheet is the carrying amount of the loan as at 31<sup>st</sup> March.

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

Financial liabilities held for trading are recognised at fair value through profit and loss.

Financial guarantees are recognised as a provision held at fair value based on the expected probability of the guarantee being called as at the balance sheet date.

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

### 4.1.3.8 Provisions

Provisions have only been recognised in the accounts where there is a legal or constructive obligation to transfer economic benefits as a result of a past event and where such an amount can be reliably estimated. Provisions are charged to the CIES and, depending on their materiality, are either disclosed as a separate item on the Balance Sheet or added to the carrying balance of an appropriate current liability. When expenditure is eventually incurred, it is charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it is apparent that the provision is not required or is lower than originally anticipated, the provision is reversed and credited back to the relevant service.

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

### 4.1.3.9 Contingent Liabilities

Where a potential provision cannot be accurately estimated or an event is not considered sufficiently certain, it has not been included in the accounts but is instead disclosed in the notes as a contingent liability. A contingent liability also occurs where a liability may arise but is dependent upon the outcome of future events before it can be confirmed.

### 4.1.3.10 Defined Benefit Schemes (Local Government Pension Scheme)

For defined benefit schemes, pension fund assets are accounted for at fair value.

Pension liabilities are measured on an actuarial basis, using an assessment of the future payments that will be made for retirement benefits earned to date by employees. This assessment includes assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted at the Balance Sheet date using a discount rate that takes into account the duration of the employer's liabilities and the requirements of IAS19. The discount rate chosen is the Single Equivalent Discount Rate which uses the annualised Merrill Lynch AA rated corporate bond yield curve and assumes the curve

is flat beyond the 30 year point. The estimate of the Council's past service liability duration is 16 years.

### 4.1.3.11 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. Transfers to and from reserves are shown in the MIRS and not within services. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on Provision of Services in the CIES. The reserve is then transferred back into the general fund balance so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement, and employee benefits and are not usable resources for the Council.

### 4.1.4 Policies affecting the Cash Flow Statement

#### 4.1.4.1 Cash and Cash Equivalents

The Council's Cash Flow Statement reflects the movements in cash and cash equivalents during the year and is shown net of bank overdrafts that are repayable on demand. Cash is represented by cash in hand and deposits with the Council's own bank. Cash equivalents are deposits with financial institutions repayable without penalty on notice of not more than 24 hours. This includes Council deposits in other UK bank call accounts and Money Market Funds.

### 4.1.5 Policies used to account on a Funding Basis

In a number of areas statutory provisions require the Council to account for transactions relating to the General Fund (and subsequently the amount to be raised from Council Tax) differently from the treatment required by IFRS. In each case the adjustment required is offset by a transfer to a specific reserve. The adjustments are shown within the MIRS as adjustments between accounting basis and funding basis under statutory provisions.

#### 4.1.5.1 Depreciation, amortisation, revaluation gains and losses and impairment

Instead of these charges the Council is required to make an annual provision from revenue to contribute towards the reduction in its borrowing requirement (in line with the Council's published Minimum Revenue Provision policy). The difference between the two transactions is adjusted within the Capital Adjustment Account.

For the HRA, depreciation is replaced by a contribution to the Major Repairs Reserve.

#### 4.1.5.2 Gains and Losses on Sale of Assets

Where sale proceeds are in excess of £10k, the gain or loss on sale or disposal (including finance leases) is removed from the CIES and adjusted with the Usable Capital Receipts Reserve (sale proceeds) and the Capital Adjustment Account (carrying value in the Balance Sheet).

A proportion of receipts relating to HRA disposals is payable to the Government and a corresponding sum is therefore transferred back from the Capital Receipts Reserve to the General Fund.

## **Section 4 – Notes to the Financial Statements**

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### **4.1.5.3 Capital grants**

Capital Grants are reversed out of the General Fund to the Capital Grants Unapplied Account. When the grant is applied to fund capital expenditure, it is posted to the Capital Adjustment Account.

### **4.1.5.4 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Certain items of expenditure and related grant funding charged to the CIES under IFRS may be treated as capital for funding purposes. A transfer is made between the General Fund and the Capital Adjustment Account reserve for these items.

### **4.1.5.5 Employee Benefits**

Accruals made for holiday entitlements or leave are reversed out of the General Fund to the Accumulated Absences Account.

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

### **4.1.5.6 Termination Benefits - Pension Enhancements**

Pension costs calculated according to IAS 19 are replaced by the actual pension payment for the year. The difference between the two transactions is transferred between the General Fund and the Pensions Reserve.

### **4.1.5.7 Financial Liabilities**

Where premiums and discounts have been charged to the CIES as part of restructuring the debt portfolio, regulations allow the impact on the General Fund to be spread over future years. The gain or loss is spread over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The difference between the two approaches is transferred between the General Fund and the Financial Instruments Adjustment Account.

### **4.1.5.8 Financial Assets**

Statutory provisions allow the General Fund to be charged with the actual interest receivable for the financial year. The adjustment to the CIES for soft loans is therefore removed and adjusted within the Financial Instruments Adjustment Account.

### **4.1.5.9 Use of Reserves**

The Council may make a charge against the General Fund to set aside specific amounts as reserves for future policy purposes or to cover contingencies. The Council may then also choose to use these reserves to reduce the impact on the General Fund when the expenditure is incurred.

### 4.1.6 Accounting Policies not relevant or not material

The accounting policies are reviewed each year to assess whether it is appropriate for individual policies to be included. There are a number of accounting policies that have not been included above, because the statements are not materially affected by their implementation or they are not relevant. These policies include:

- Use of capital receipts to fund disposal costs
- Intangible Assets – Recognition of website development and other internally generated assets
- The treatment of bonds
- Community Infrastructure Levy
- Subsequent revaluation of assets held for sale
- Provision for back pay arising from unequal pay claims
- Treatment of foreign currency translations
- Discontinued operations
- Contingent Assets

## Section 4 – Notes to the Financial Statements

### 4.2 Expenditure and Funding Analysis (EFA) and Notes

#### 4.2.1 Expenditure and Funding Analysis

The objective of the EFA is to demonstrate to Council Tax payers how the funding available to the Council (government grants, rents, Council Tax and NNDR) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA 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 CIES.

As outlined in note 4.3.1 Prior Year Reclassifications, the 2023/24 EFA and associated notes have been restated to align with the 2024/25 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

	2024/25				
	General Fund Revenue Outturn Reported to Members £m	Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances £m	Net Expenditure Chargeable to the General Fund and HRA Balances £m	Adjustments Between Funding and Accounting Basis £m	Net Expenditure in the Comprehensive Income and Expenditure Statement £m
Adults	96.117	(1.281)	94.836	(2.446)	92.390
Chief Executive	(5.362)	-	(5.362)	8.200	2.838
Childrens	88.015	-	88.015	9.735	97.750
Commissioning and Partnerships	2.722	-	2.722	(0.154)	2.568
Communities, Environment and Resident Services	24.674	(0.474)	24.200	35.069	59.269
Education	2.821	-	2.821	(0.250)	2.571
Finance and Resources	46.936	(0.221)	46.715	(0.928)	45.787
Growth and City Development	(2.838)	14.366	11.528	15.563	27.091
Public Health	(4.872)	-	(4.872)	(0.138)	(5.010)
Schools	2.981	-	2.981	-	2.981
Corporate Items and Companies	72.319	(98.931)	(26.612)	20.718	(5.894)
Housing Revenue Account (HRA)	-	(63.904)	(63.904)	28.938	(34.966)
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	10.281	10.281
<b>Net Cost of Services</b>	<b>323.513</b>	<b>(150.445)</b>	<b>173.068</b>	<b>124.588</b>	<b>297.656</b>
Other income and expenditure	-	(225.702)	(225.702)	(125.363)	(351.065)
<b>(SURPLUS)/DEFICIT ON PROVISION OF SERVICES</b>	<b>323.513</b>	<b>(376.147)</b>	<b>(52.634)</b>	<b>(0.775)</b>	<b>(53.409)</b>
		Note 4.2.4	Note 4.2.3	Note 4.2.2	
Opening General Fund, Earmarked General Fund Reserves and HRA Balance at 1 April			(280.754)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			(52.634)		
<b>Closing General Fund, Earmarked General Fund Reserves and HRA Balance at 31 March*</b>			<b>(333.388)</b>		

\*For a split of this balance between General Fund, Earmarked General Fund Reserves and HRA - see the Movement in Reserves Statement.



## Section 4 – Notes to the Financial Statements

	Restated 2023/24				
	General Fund Revenue Outturn Reported to Members	Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£m	£m	£m	£m	£m
Adults	97.653	(1.723)	95.930	(1.291)	94.639
Chief Executive	(4.001)	1.222	(2.779)	6.993	4.214
Childrens	82.862	1.702	84.564	(1.416)	83.148
Commissioning and Partnerships	1.993	-	1.993	(0.106)	1.887
Communities, Environment and Resident Services	50.992	(5.241)	45.751	27.100	72.851
Education	4.089	(0.433)	3.656	0.009	3.665
Finance and Resources	43.581	2.714	46.295	(0.821)	45.474
Growth and City Development	(0.560)	9.725	9.165	18.168	27.333
Public Health	-	(3.561)	(3.561)	(0.115)	(3.676)
Schools	0.016	0.202	0.218	-	0.218
Corporate Items	2.776	(39.953)	(37.177)	31.194	(5.983)
Housing Revenue Account (HRA)	-	(60.175)	(60.175)	25.111	(35.064)
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	23.522	23.522
<b>Net Cost of Services</b>	<b>279.401</b>	<b>(95.521)</b>	<b>183.880</b>	<b>128.348</b>	<b>312.228</b>
Other income and expenditure	-	(203.070)	(203.070)	(104.988)	(308.058)
<b>(SURPLUS)/DEFICIT ON PROVISION OF SERVICES</b>	<b>279.401</b>	<b>(298.591)</b>	<b>(19.190)</b>	<b>23.360</b>	<b>4.170</b>
		Note 4.2.4	Note 4.2.3	Note 4.2.2	

Opening General Fund, Earmarked General Fund Reserves and HRA Balance at 1 April

(261.564)

(Surplus)/Deficit on General Fund and HRA Balance in Year

(19.190)

**Closing General Fund, Earmarked General Fund Reserves and HRA Balance at 31 March\***

**(280.754)**

\*For a split of this balance between General Fund, Earmarked General Fund Reserves and HRA - see the Movement in Reserves Statement.

### 4.2.2 EFA Note - Adjustments between Funding and Accounting Basis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the CIES. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

	Restated 2023/24				2024/25			
	Adjustments for Capital Purposes	Net Change for the Pension	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for the Pension	Other Differences	Total Adjustments
	£m	£m	£m	£m	£m	£m	£m	£m
Adults	0.278	(1.569)	-	(1.291)	(0.827)	(1.619)	-	(2.446)
Chief Executive	7.292	(0.299)	-	6.993	8.474	(0.274)	-	8.200
Childrens	3.913	(5.329)	-	(1.416)	15.416	(5.681)	-	9.735
Commissioning and Partnerships	-	(0.106)	-	(0.106)	-	(0.154)	-	(0.154)
Communities, Environment and Resident Services	30.166	(3.066)	-	27.100	38.280	(3.211)	-	35.069
Education	0.792	(0.783)	-	0.009	0.572	(0.822)	-	(0.250)
Finance and Resources	3.103	(3.924)	-	(0.821)	3.479	(4.407)	-	(0.928)
Growth and City Development	19.358	(1.190)	-	18.168	16.842	(1.279)	-	15.563
Public Health	-	(0.115)	-	(0.115)	-	(0.138)	-	(0.138)
Corporate Items and Companies	14.517	16.677	-	31.194	17.509	3.209	-	20.718
Housing Revenue Account (HRA)	25.111	-	-	25.111	28.938	-	-	28.938
HRA - Revaluation (gain) / loss on Council Dwellings	23.522	-	-	23.522	10.281	-	-	10.281
<b>Net Cost of Services</b>	<b>128.052</b>	<b>0.296</b>	<b>-</b>	<b>128.348</b>	<b>138.964</b>	<b>(14.376)</b>	<b>-</b>	<b>124.588</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(96.797)	11.553	(19.744)	(104.988)	(122.785)	(1.547)	(1.031)	(125.363)
<b>DIFFERENCE BETWEEN GENERAL FUND SURPLUS OR DEFICIT AND COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES</b>	<b>31.255</b>	<b>11.849</b>	<b>(19.744)</b>	<b>23.360</b>	<b>16.179</b>	<b>(15.923)</b>	<b>(1.031)</b>	<b>(0.775)</b>

## Section 4 – Notes to the Financial Statements

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### Adjustments for Capital Purposes

Included within Net Cost of Services:

- Fixed asset adjustments for depreciation, impairment and revaluation gains and losses.
- Revenue expenditure funded from capital under statute (REFCUS).

Included within Other Income and Expenditure from the Expenditure and Funding Analysis:

- Other operating expenditure:
  - Net gains and losses on the disposal of fixed assets
  - HRA capital receipts pooling payment
- Financing and investment income and expenditure:
  - Investment Properties gains and losses on disposals and movements in valuation
  - Investment impairment
  - Statutory charges for capital financing including Minimum Revenue Provision
  - Capital expenditure funded from the General Fund Balance and transfers to the Major Repairs Reserve
- Taxation and non-specific grant income and expenditure:
  - Capital grants where conditions permit the application for capital financing

### Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

### Other Differences

For services this includes employee benefit accruals, and for:

- Financing and investment income and expenditure - timing differences for premiums and discounts.
- Taxation and non-specific grant income and expenditure - the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

### 4.2.3 EFA Note - Analysis of Items in Net Expenditure Chargeable to the General Fund and HRA

This note shows the income and expenditure by portfolio.

2024/25	Adults	Chief Executive	Childrens	Commissioning and Partnerships	Communities, Environment and Resident Services	Education	Finance and Resources	Growth and City Development	Public Health	Schools	Corporate Items and Companies	Housing Revenue Account (HRA)	Included in Cost of Service	Other Operating Expenditure	Financing and Investment Income and Expenditure	Taxation and Non-Specific Grant Income	Included in Other Income and Expenditure	Included in Surplus/Deficit on Provision of Services
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Income</b>																		
Council Tax and NNDR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(250.503)	(250.503)	(250.503)
Fees, charges, other income	(23.604)	(5.418)	(0.158)	-	(75.500)	(10.420)	(10.186)	(52.376)	(0.483)	(3.357)	(2.021)	(141.479)	(325.002)	-	(18.780)	-	(18.780)	(343.782)
Government Grants and Contributions	(96.599)	(12.271)	(35.798)	(1.370)	(34.267)	(44.223)	(118.111)	(23.753)	(39.702)	(128.886)	(59.036)	(0.154)	(594.170)			(68.681)	(68.681)	(662.851)
Interest and investment income	-	(1.777)	-	-	(0.029)	-	-	0.006	-	(0.002)	(1.367)	-	(3.169)	-	(19.408)	-	(19.408)	(22.577)
Exceptional Financial Support	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.737)	-	-	(7.737)	(7.737)
<b>Total Income</b>	<b>(120.203)</b>	<b>(19.466)</b>	<b>(35.956)</b>	<b>(1.370)</b>	<b>(109.796)</b>	<b>(54.643)</b>	<b>(128.297)</b>	<b>(76.123)</b>	<b>(40.185)</b>	<b>(132.245)</b>	<b>(62.424)</b>	<b>(141.633)</b>	<b>(922.341)</b>	<b>(7.737)</b>	<b>(38.188)</b>	<b>(319.184)</b>	<b>(365.109)</b>	<b>(1,287.450)</b>
<b>Expenditure</b>																		
Employee expenses	34.667	2.965	41.899	3.567	64.470	21.145	47.080	27.377	3.032	78.284	10.640	36.550	371.676	-	0.292	-	0.292	371.968
Interest payments	-	-	-	-	-	-	-	0.012	-	-	-	-	0.012	-	44.921	-	44.921	44.933
Levies	-	-	-	-	-	-	-	-	-	-	-	-	-	0.083	-	-	0.083	0.083
Other service expenses	180.372	11.139	82.072	0.525	69.526	36.319	127.932	60.262	32.281	56.942	25.172	41.179	723.721	-	5.577	-	5.577	729.298
Adjustments for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89.697	-	89.697	89.697
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.163)	-	(1.163)	(1.163)
<b>Total Expenditure</b>	<b>215.039</b>	<b>14.104</b>	<b>123.971</b>	<b>4.092</b>	<b>133.996</b>	<b>57.464</b>	<b>175.012</b>	<b>87.651</b>	<b>35.313</b>	<b>135.226</b>	<b>35.812</b>	<b>77.729</b>	<b>1,095.409</b>	<b>0.083</b>	<b>139.324</b>	<b>-</b>	<b>139.407</b>	<b>1,234.816</b>
<b>TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES</b>	<b>94.836</b>	<b>(5.362)</b>	<b>88.015</b>	<b>2.722</b>	<b>24.200</b>	<b>2.821</b>	<b>46.715</b>	<b>11.528</b>	<b>(4.872)</b>	<b>2.981</b>	<b>(26.612)</b>	<b>(63.904)</b>	<b>173.068</b>	<b>(7.654)</b>	<b>101.136</b>	<b>(319.184)</b>	<b>(225.702)</b>	<b>(52.634)</b>

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Restated 2023/24	Adults	Chief Executive	Childrens	Commissioning and Partnerships	Communities, Environment and Resident Services	Education	Finance and Resources	Growth and City Development	Public Health	Schools	Corporate Items and Companies	Housing Revenue Account (HRA)	Included in Cost of Service	Other Operating Expenditure	Financing and Investment Income and Expenditure	Taxation and Non-Specific Grant Income	Included in Other Income and Expenditure	Included in (Surplus)/Deficit on Provision of Services
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Income</b>																		
Council Tax and NNDR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(231.968)	(231.968)	(231.968)
Fees, charges, other income	(20.230)	(4.038)	(0.185)	-	(70.137)	(9.992)	(9.100)	(50.758)	(0.194)	(3.204)	(2.727)	(141.563)	(312.128)	-	(37.175)	-	(37.175)	(349.303)
Government Grants and Contributions	(84.395)	(12.617)	(39.236)	(1.321)	(26.674)	(34.909)	(117.625)	(21.527)	(35.295)	(121.409)	(58.875)	(0.652)	(554.535)	-	-	(62.205)	(62.205)	(616.740)
Interest and investment income	-	(1.477)	-	-	(0.032)	-	-	(0.012)	-	(0.003)	(1.044)	-	(2.568)	-	(18.990)	-	(18.990)	(21.558)
Exceptional Financial Support	-	-	-	-	-	-	-	-	-	-	-	-	-	(17.568)	-	-	(17.568)	(17.568)
<b>Total Income</b>	<b>(104.625)</b>	<b>(18.132)</b>	<b>(39.421)</b>	<b>(1.321)</b>	<b>(96.843)</b>	<b>(44.901)</b>	<b>(126.725)</b>	<b>(72.297)</b>	<b>(35.489)</b>	<b>(124.616)</b>	<b>(62.646)</b>	<b>(142.215)</b>	<b>(869.231)</b>	<b>(17.568)</b>	<b>(56.165)</b>	<b>(294.173)</b>	<b>(367.906)</b>	<b>(1,237.137)</b>
<b>Expenditure</b>																		
Employee expenses	32.818	5.418	42.346	2.843	64.774	18.479	47.774	25.955	2.885	73.354	8.304	42.196	367.146	-	0.641	-	0.641	367.787
Interest payments	-	-	-	-	-	-	0.002	-	-	-	-	-	0.002	-	54.380	-	54.380	54.382
Levies	-	-	-	-	-	-	-	-	-	-	-	-	-	0.081	-	-	0.081	0.081
Other service expenses	167.737	9.935	81.639	0.471	77.820	30.078	125.244	55.507	29.043	51.480	17.165	39.844	685.963	-	4.702	-	4.702	690.665
Adjustments for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89.313	-	89.313	89.313
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.719	-	15.719	15.719
<b>Total Expenditure</b>	<b>200.555</b>	<b>15.353</b>	<b>123.985</b>	<b>3.314</b>	<b>142.594</b>	<b>48.557</b>	<b>173.020</b>	<b>81.462</b>	<b>31.928</b>	<b>124.834</b>	<b>25.469</b>	<b>82.040</b>	<b>1,053.111</b>	<b>0.081</b>	<b>164.755</b>	<b>-</b>	<b>164.836</b>	<b>1,217.947</b>
<b>TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES</b>	<b>95.930</b>	<b>(2.779)</b>	<b>84.564</b>	<b>1.993</b>	<b>45.751</b>	<b>3.656</b>	<b>46.295</b>	<b>9.165</b>	<b>(3.561)</b>	<b>0.218</b>	<b>(37.177)</b>	<b>(60.175)</b>	<b>183.880</b>	<b>(17.487)</b>	<b>108.590</b>	<b>(294.173)</b>	<b>(203.070)</b>	<b>(19.190)</b>

#### 4.2.4 EFA Note - Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances

	2024/25							
	Items not included in Revenue Outturn but are included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'					Earmarked General Fund Reserves movements & Other Items included in Revenue Outturn but are not included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'	Movement of items that do not report into Net Cost of Service Directorates in the CIES/EFA	Total Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA
	HRA	Collection Fund (Council Tax and NNDR)	Revenue Support Grant	Exceptional Financial Support	Other			
	£m	£m	£m	£m	£m	£m	£m	£m
Adults	-	-	-	-	(1.281)	-	-	(1.281)
Chief Executive	-	-	-	-	-	-	-	-
Childrens	-	-	-	-	-	-	-	-
Commissioning and Partnerships	-	-	-	-	-	-	-	-
Communities, Environment and Resident Services	-	-	-	-	(0.575)	-	0.101	(0.474)
Education	-	-	-	-	-	-	-	-
Finance and Resources	-	-	-	-	(0.221)	-	-	(0.221)
Growth and City Development	-	-	-	-	(0.525)	-	14.891	14.366
Public Health	-	-	-	-	-	-	-	-
Schools	-	-	-	-	-	-	-	-
Corporate Items and Companies	-	-	-	-	(2.329)	-	(96.602)	(98.931)
Housing Revenue Account (HRA)	(63.904)	-	-	-	-	-	-	(63.904)
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	-	-	-	-	-
Net Cost of Services	(63.904)	-	-	-	(4.931)	-	(81.610)	(150.445)
Other income and expenditure	47.320	(284.302)	(31.931)	(7.737)	6.134	(36.796)	81.610	(225.702)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	(16.584)	(284.302)	(31.931)	(7.737)	1.203	(36.796)	-	(376.147)

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Restated 2023/24										
	Items not included in Revenue Outturn but are included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'					Earmarked General Fund Reserves movements & Other Items included in Revenue Outturn but are not included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'	Movement of items that do not report into Net Cost of Service Directorates in the CIES/EFA	Other movements in the SoA post Outturn Report	Total Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA	
	HRA £m	Collection Fund (Council Tax and NNDR) £m	Revenue Support Grant £m	Exceptional Financial Support £m	Other £m	£m	£m	£m	£m	
Adults	-	-	-	-	-	-	-	(1.723)	(1.723)	
Chief Executive	-	-	-	-	-	-	0.065	1.157	1.222	
Childrens	-	-	-	-	-	-	-	1.702	1.702	
Commissioning and Partnerships	-	-	-	-	-	-	-	-	-	
Communities, Environment and Resident Services	-	-	-	-	-	-	0.113	(5.354)	(5.241)	
Education	-	-	-	-	-	-	-	(0.433)	(0.433)	
Finance and Resources	-	-	-	-	-	-	-	2.714	2.714	
Growth and City Development	-	-	-	-	0.056	-	16.241	(6.572)	9.725	
Public Health	-	-	-	-	-	-	-	(3.561)	(3.561)	
Schools	-	-	-	-	-	-	-	0.202	0.202	
Corporate Items and Companies	-	-	-	-	-	-	(36.975)	(2.978)	(39.953)	
Housing Revenue Account (HRA)	(60.175)	-	-	-	-	-	-	-	(60.175)	
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	-	-	-	-	-	-	
Net Cost of Services	(60.175)	-	-	-	0.056	-	(20.556)	(14.846)	(95.521)	
Other income and expenditure	56.678	(231.968)	(29.948)	(17.568)	0.382	(14.329)	20.556	13.127	(203.070)	
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	(3.497)	(231.968)	(29.948)	(17.568)	0.438	(14.329)	-	(1.719)	(298.591)	

### HRA

The General Fund Revenue Outturn does not include the HRA. The HRA Outturn is reported separately. The HRA adjustment therefore reflects the adjustment required to reconcile to the 'Net Expenditure Chargeable to the General Fund and HRA Balances'.

### Movement of items that do not report into Net Cost of Service Portfolios in the CIES/EFA

These adjustments are in relation to those items that are not reported in the directorates of the Net Cost of Service within the CIES and EFA. These items report into 'Other Operating Expenditure', 'Financing and investment income and expenditure' or 'Taxation and non-specific grant income' lines of the CIES (Other income and expenditure line of the EFA). These include for example, items such as the Treasury Management function and some government grants - these are reported as Corporate Items in the Outturn figures.



## 4.3 Comprehensive Income and Expenditure Statement Notes

### 4.3.1 Prior Year Reclassifications

In line with the CIPFA reporting requirements the service part of the CIES is based on the organisational structure of the Council i.e. directorates. The 2023/24 CIES and associated notes have been restated where required to align with the 2024/25 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

The following table analyses the reclassification of directorates within the CIES Cost of Services with regards to 2023/24 and the restated figures:

Directorates as shown in the 2023/24 Statement of Accounts		Reclassification movements of 2023/24 to align with the 2024/25 Directorates		Restated 2023/24 with the 2024/25 Directorates	
	£m		£m		£m
Adults	94.874	Adults	94.639	Adults	94.639
		Growth and City Development	0.235	Chief Executive	4.214
			94.874	Childrens	83.148
				Commissioning and Partnerships	1.887
Chief Executive	11.391	Chief Executive	11.391	Communities, Environment and Resident Services	72.851
				Education	3.665
Childrens	83.084	Childrens	83.084	Finance and Resources	45.474
				Growth and City Development	27.333
Commissioning and Partnerships	1.887	Commissioning and Partnerships	1.887	Public Health	(3.676)
				Schools	0.218
Communities, Environment and Resident Services	72.925	Communities, Environment and Resident Services	72.925	Corporate Items and Companies	(5.983)
				Housing Revenue Account (HRA)	(35.064)
Education	3.665	Education	3.665	Revaluation loss on HRA Council Dwellings	23.522
Finance and Resources	44.161	Finance and Resources	44.097		
		Childrens	0.064		
			44.161		
Growth and City Development	19.847	Growth and City Development	27.098		
		Chief Executive	(7.177)		
		Communities, Environment and Resident Services	(0.074)		
			19.847		
Public Health	(3.676)	Public Health	(3.676)		
Schools	0.218	Schools	0.218		
Corporate Items	(4.606)	Corporate Items and Companies	(5.983)		
		Finance and Resources	1.377		
			(4.606)		
Housing Revenue Account (HRA)	(35.064)	Housing Revenue Account (HRA)	(35.064)		
Revaluation loss on HRA Council Dwellings	23.522	Revaluation loss on HRA Council Dwellings	23.522		
<b>COST OF SERVICES</b>	<b>312.228</b>	<b>COST OF SERVICES</b>	<b>312.228</b>	<b>COST OF SERVICES</b>	<b>312.228</b>

The directorate reclassifications have also been applied to the EFA and other notes that are analysed by directorates.

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### 4.3.2 Specific Grants Credited to Services

The following grants, contributions and donations for specific services are included within the Cost of Services as income:

	2023/24 £m	2024/25 £m
<b>Revenue Grants</b>		
<u>Department for Education</u>		
Dedicated School Grant	(132.575)	(148.412)
Universal Free School Meals	(1.400)	(1.431)
Pupil Premium Grant	(7.261)	(7.089)
PFI Grant	(5.620)	(5.620)
<u>Department for Work &amp; Pensions</u>		
Mandatory Rent Allowances: Subsidy	(69.186)	(71.032)
Rent Rebates Granted to HRA Tenants	(40.959)	(37.153)
Housing Benefit Administration	(1.212)	(1.222)
Household Support Fund	(7.114)	(7.940)
<u>Department of Health &amp; Social Care</u>		
Public Health	(39.712)	(37.450)
Market Sustainability & Fair Cost of Care Fund	(3.630)	(6.781)
ASC Discharge Fund	(2.328)	(3.879)
<u>Ministry of Housing, Communities and Local Government</u>		
Improved Better Care Fund	(16.603)	(16.603)
Social Care Grant	(27.521)	(36.052)
Homelessness Prevention Grant	(1.389)	(2.027)
PFI Grant	(6.359)	(6.359)
Rough Sleeping Initiative	(3.102)	(3.128)
<u>Department for Transport</u>		
PFI Grant	(58.030)	(58.030)
<i>Other Revenue Grants</i>	(69.101)	(80.449)
<b>Contributions</b>	(61.434)	(63.512)
<b>TOTAL</b>	<b>(554.535)</b>	<b>(594.170)</b>

### 4.3.3 Other Operating Expenditure

Other Operating Expenditure includes the following items:

	2023/24 £m	2024/25 £m
Removal of Schools converting to Academies	3.023	-
Write out of asset values due to replacement and demolition	4.324	7.996
Payments to the Government Housing Capital Receipts Pool	10.586	(10.586)
Levies	0.081	0.083
Net Gain/Loss on the disposal of non-current assets	(3.969)	5.565
<b>TOTAL</b>	<b>14.045</b>	<b>3.058</b>

### 4.3.4 Financing and Investment Income and Expenditure

	2023/24			2024/25		
	Expenditure £m	Income £m	Net £m	Expenditure £m	Income £m	Net £m
Net Interest on Pension Fund	11.567	-	11.567	-	(1.535)	(1.535)
Interest and similar charges and income	22.974	(0.125)	22.849	17.643	(0.056)	17.587
Interest revenue/costs calculated using the effective interest rate method	30.730	(35.459)	(4.729)	27.076	(18.040)	9.036
Impairment Losses	2.164	-	2.164	2.253	-	2.253
Impairment of Equity Holding	0.589	-	0.589	-	-	-
Trading Operations	1.336	(1.219)	0.117	0.990	(1.097)	(0.107)
Income and expenditure in relation to investment properties and changes in their fair value	34.333	(37.439)	(3.106)	6.815	(23.392)	(16.577)
Other Finance and Investment items	(0.001)	(0.377)	(0.378)	-	(1.281)	(1.281)
<b>TOTAL</b>	<b>103.692</b>	<b>(74.619)</b>	<b>29.073</b>	<b>54.777</b>	<b>(45.401)</b>	<b>9.376</b>

### 4.3.5 Taxation and Non-Specific Grant Income

	2023/24 £m	2024/25 £m
<b>Revenue:</b>		
<i>Council Tax income</i>		
Demand on the Collection Fund	(140.424)	(148.879)
Apportionment of Collection Fund Surplus/Deficit	(6.611)	(1.198)
<i>National Non Domestic Rates (NNDR)</i>		
Demand on the Collection Fund	(56.812)	(62.221)
Apportionment of Collection Fund Surplus/Deficit	4.202	(2.115)
Top Up Grant	(35.892)	(37.588)
Designated Area	-	(0.238)
NNDR Section 31 Grant	(27.103)	(34.610)
<i>Non-ringfenced government grants</i>		
Revenue Support Grant	(29.948)	(31.932)
New Homes Bonus	(1.247)	(1.467)
Services Grant	(3.906)	(0.674)
Other	(0.456)	(0.457)
<b>Capital:</b>		
<i>Government Departments</i>	(48.589)	(40.880)
<i>Other</i>	(4.390)	(1.240)
<b>TOTAL</b>	<b>(351.176)</b>	<b>(363.499)</b>

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### 4.3.6 Expenditure and Income analysed by Nature

	2023/24 £m	2024/25 £m
<b>Income</b>		
Council Tax and NNDR	(235.993)	(252.696)
Fees, charges, other income	(349.303)	(343.782)
Government grants and contributions	(669.719)	(704.973)
Interest and investment income	(21.558)	(22.577)
Exceptional Financial Support	(17.568)	(7.737)
<b>Total Income</b>	<b>(1,294.141)</b>	<b>(1,331.765)</b>
<b>Expenditure</b>		
Employee expenses	368.069	357.579
Interest payments	65.950	43.397
Levies	0.081	0.083
Other service expenses	715.213	753.548
Capital charges including depreciation, amortisation, impairment, revaluations	135.030	122.454
Payments to Housing Capital Receipts Pool	10.586	(10.586)
Disposal of assets - (gain) / loss	3.382	11.881
<b>Total Expenditure</b>	<b>1,298.311</b>	<b>1,278.356</b>
<b>(SURPLUS)/DEFICIT ON THE PROVISION OF SERVICES</b>	<b>4.170</b>	<b>(53.409)</b>

### 4.3.7 Revenue from Contracts with Service Recipients

Revenue included in the CIES for contracts with service recipients:

	Restated 2023/24				2024/25			
	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Adults	-	(0.019)	(20.211)	(20.230)	-	(0.018)	(23.586)	(23.604)
Chief Executive	-	-	(5.396)	(5.396)	-	-	(5.418)	(5.418)
Childrens	-	-	(0.185)	(0.185)	-	-	(0.158)	(0.158)
Communities, Environment and Resident Services	(5.956)	(2.866)	(61.155)	(69.977)	(6.199)	(3.033)	(66.210)	(75.442)
Education	-	(2.720)	(7.123)	(9.843)	-	(2.747)	(7.472)	(10.219)
Finance and Resources	-	-	(7.602)	(7.602)	-	-	(8.771)	(8.771)
Growth and City Development	(3.232)	(0.063)	(41.650)	(44.945)	(3.379)	(0.062)	(42.388)	(45.829)
Public Health	-	-	(0.194)	(0.194)	-	-	(0.483)	(0.483)
Schools	-	(0.028)	(3.048)	(3.076)	-	(0.027)	(3.281)	(3.308)
Corporate Items and Companies	-	(0.006)	(2.721)	(2.727)	-	-	(2.021)	(2.021)
Housing Revenue Account (HRA)	(110.562)	(0.005)	(17.010)	(127.577)	(123.359)	(0.024)	(18.008)	(141.391)
Financing and Investment Income and Expenditure	-	-	(37.180)	(37.180)	-	-	(18.780)	(18.780)
<b>Revenue from contracts with service recipients</b>	<b>(119.750)</b>	<b>(5.707)</b>	<b>(203.475)</b>	<b>(328.932)</b>	<b>(132.937)</b>	<b>(5.911)</b>	<b>(196.576)</b>	<b>(335.424)</b>
Impairment of receivables				(0.479)				0.128
<b>TOTAL INCLUDED IN THE CIES</b>				<b>(329.411)</b>				<b>(335.296)</b>

As outlined in note 4.3.1 Prior Year Reclassifications, 2024/25 has been restated to align with the 2024/25 directorate position of the Council. This restatement only alters the classification of the directorates and overall the total value is unchanged.

Transaction price is calculated and allocated in accordance with legislation and reflects the Council's legal ability to recover costs from the service recipients.

The Council typically satisfies its performance obligations upon delivery of goods or services to recipients. Standard payment terms are either 30 days for services where

## Section 4 – Notes to the Financial Statements

invoices are raised e.g. Commercial District Heating or immediate where payment is made at the point at which the service or good is received e.g. admission to leisure centres. Contracts do not typically contain financing components and the consideration received is not variable.

Revenue is recognised either over time or at a point in time. Revenue recognised over time is measured using the input method, based on costs incurred or resources consumed as applicable to individual contracts. Revenue is recognised at a point in time when the service recipient obtains control of the promised goods or services from the Council.

Timing of revenue recognition	2023/24		2024/25	
	Over time	At a point in time	Over time	At a point in time
	£m	£m	£m	£m
Fees and charges under statutory requirements	(118.572)	(1.178)	(132.083)	(0.854)
Sale of goods	-	(5.707)	-	(5.911)
Charges for services	(157.757)	(45.718)	(146.323)	(50.253)
<b>TOTAL</b>	<b>(276.329)</b>	<b>(52.603)</b>	<b>(278.406)</b>	<b>(57.018)</b>

Amounts included in the Balance Sheet for contracts with service recipients are shown in the following table:

	31 March 2024 £m	31 March 2025 £m
Receivables included in debtors	60.128	47.073
Contract liabilities	(11.521)	(19.139)
<b>TOTAL</b>	<b>48.607</b>	<b>27.934</b>

For most goods and services provided by the Council payment is made at the point of provision or when an invoice is raised to the service recipient. Services where payment is made in advance of receipt are recognised as contract liabilities, these include:

- Planning and Building Control Fees
- Advance ticket sales for performances at the Theatre Royal and Concert Hall
- Licensing

For Planning and Building Control Fees income is recognised in the CIES when the application is approved or the inspection regime is completed. For advance ticket sales, income is recognised when the show has been performed and for Licensing income is recognised as licences are issued and enforcement activity is carried out. The contract liabilities balance is reduced as income is recognised in the CIES.

Where the right of the Council to income is conditional on the provision of further goods or services to the customer, such income is recorded as a contract asset. This is applicable to income relating to service charges for commercial property owned by the Council. Costs are recognised as services are provided to customers. At year end where services are not complete, the cost is de-recognised in the CIES and recognised as a contract asset on the balance sheet.

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Changes in the contract assets and contract liabilities balances during the year are as follows:

	Contract Assets £m	Contract Liabilities £m	Contract Assets £m	Contract Liabilities £m
<b>Balances at 1 April</b>	-	<b>(10.504)</b>	-	<b>(11.521)</b>
Reversal for amounts recognised in the CIES in year	-	10.504	-	11.521
Increases (decreases) due to cash received (paid)	-	(11.521)	-	(19.139)
<b>BALANCE AT 31 MARCH</b>	-	<b>(11.521)</b>	-	<b>(19.139)</b>

The value of revenue that is expected to be recognised in the future but has performance obligations that are unsatisfied (or partially unsatisfied) at the yearend is shown in the following table:

	31 March 2024 £m	31 March 2025 £m
Not later than one year	(9.081)	(18.215)
Later than one year	(2.440)	(0.924)
<b>TOTAL</b>	<b>(11.521)</b>	<b>(19.139)</b>

### 4.3.8 Revaluation of Property, Plant and Equipment (PPE)/Heritage assets

During 2024/25 revaluation gains and losses charged to Other Comprehensive Income and Expenditure amounted to a net revaluation gain of £68.178m for PPE assets (see note 4.4.1) and £2.610m for Heritage Assets (see note 4.4.2). There are no charges within Other Operating Expenditure relating to physical damage and demolition of assets in 2024/25.



### 4.3.9 Transactions Relating to Post-Employment Benefits (including Pensions)

The tables below show how the IAS19 Employee Benefits standard impacts on the CIES:

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	2023/24 £m	2024/25 £m	2023/24 £m	2024/25 £m
<b>Cost of Services:</b>				
Service cost	49.662	35.604	-	-
Administration expenses	0.667	0.875	-	-
<b>Financing and Investment Income and Expenditure:</b>				
Net interest on the defined liability (asset)	10.426	(2.620)	1.141	1.085
<b>Total Charged to (Surplus)/Deficit on Provision of Services</b>	<b>60.755</b>	<b>33.859</b>	<b>1.141</b>	<b>1.085</b>
<b>Other Comprehensive Income and Expenditure (OCIE):</b>				
Re-measurements of the net defined benefit liability (asset):				
Return on Fund assets in excess of interest	(53.066)	25.487	-	-
Change in financial assumptions	(38.063)	(250.331)	0.154	(1.173)
Change in demographic assumptions	(23.058)	(4.324)	(0.390)	(0.069)
Experience (gain)/loss on defined benefit obligation	13.454	(4.043)	0.154	(0.034)
Changes in impact of asset ceiling	92.781	242.282	-	-
<b>Total Charged to OCIE</b>	<b>(7.952)</b>	<b>9.071</b>	<b>(0.082)</b>	<b>(1.276)</b>
<b>TOTAL CHARGED TO THE CIES</b>	<b>52.803</b>	<b>42.930</b>	<b>1.059</b>	<b>(0.191)</b>

These transactions are summarised in the following table:

	2023/24 £m	2024/25 £m
<b>Comprehensive Income and Expenditure Statement:</b>		
Cost of services	50.329	36.479
Financing and Investment income and expenditure	11.567	(1.535)
Other Comprehensive Income and Expenditure	(8.034)	7.795
<b>TOTAL</b>	<b>53.862</b>	<b>42.739</b>

## 4.4 Balance Sheet Notes

### 4.4.1 Property Plant and Equipment

2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	
Gross Book Value b/f	1,340.756	1,147.654	107.068		13.144	5.621	49.274	2,663.517	**
Accumulated Depreciation b/f	-	(1.626)	(59.289)		-	-	-	(60.915)	**
Accumulated Impairment b/f	-	-	-		-	-	-	-	**
<b>Net Book Value at 1 April 2024</b>	<b>1,340.756</b>	<b>1,146.028</b>	<b>47.779</b>	<b>571.087</b>	<b>13.144</b>	<b>5.621</b>	<b>49.274</b>	<b>3,173.689</b>	
Additions - Capital Expenditure	39.561	4.656	3.271	34.533	1.402	0.003	8.873	92.299	
Additions - PFI	-	10.484	0.026	10.643	-	-	-	21.153	
Depreciation Charge	(22.387)	(25.978)	(10.933)	(30.493)	-	(0.090)	-	(89.881)	
Revaluations - Recognised in Revaluation Reserve	18.599	55.538	-	-	-	(5.959)	-	68.178	
Revaluations - Recognised in the CIES	(10.281)	(13.334)	-	-	-	0.309	-	(23.306)	
Derecognition - Disposals	(18.709)	(17.096)	(0.060)	-	-	(15.513)	-	(51.378)	
Derecognition - Other	(6.948)	(1.048)	-	-	-	-	-	(7.996)	
Other Movements - Transfers to Assets Held for Sale	-	(0.625)	-	-	-	16.483	(0.160)	15.698	
Other Movements - Other	14.539	10.369	0.572	(3.249)	2.677	15.235	(40.143)	-	
<b>Net Book Value at 31 March 2025</b>	<b>1,355.130</b>	<b>1,168.994</b>	<b>40.655</b>	<b>582.521</b>	<b>17.223</b>	<b>16.089</b>	<b>17.844</b>	<b>3,198.456</b>	
Gross Book Value c/f	1,355.130	1,170.661	102.802		17.223	16.089	17.844	2,679.749	**
Accumulated Depreciation c/f	-	(1.667)	(62.147)		-	-	-	(63.814)	**
Accumulated Impairment c/f	-	-	-		-	-	-	-	**
<b>NET BOOK VALUE AT 31 MARCH 2025</b>	<b>1,355.130</b>	<b>1,168.994</b>	<b>40.655</b>	<b>582.521</b>	<b>17.223</b>	<b>16.089</b>	<b>17.844</b>	<b>3,198.456</b>	

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

The above PPE table includes £2.869m of Right of Use Assets added as at 1 April 2024. Details of this are in note 4.7.10 Finance Leases.

### Highways Infrastructure Assets - Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022] 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. MHCLG have decided the override will be extended in England until 31 March 2029.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

### PFI Assets included in PPE

2024/25 PFI Asset Value		Other Land and Buildings £m	Infrastructure Assets £m
Gross Book Value b/f	31.145		
Accumulated Depreciation b/f	-		
Accumulated Impairment b/f	-		
<b>Net Book Value at 1st April 2023</b>	<b>31.145</b>	<b>214.582</b>	
Additions - Capital Expenditure	7.641	10.757	
Additions - Donations	(0.554)	(7.121)	
Additions - PFI	(7.452)	-	
<b>Net Book Value at 31st March 2024</b>	<b>30.780</b>	<b>218.218</b>	
Gross Book Value c/f	30.780		
Accumulated Depreciation c/f	-		
Accumulated Impairment c/f			
<b>Net Book Value at 31 March 2024</b>	<b>30.780</b>	<b>218.218</b>	

2023/24	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant & Equipment £m
Gross Book Value b/f	1,355.826	1,098.636	108.108		12.938	46.422	44.888	2,666.818 **
Accumulated Depreciation b/f	-	(1.466)	(57.746)		(5.931)	(0.043)	-	(65.186) **
Accumulated Impairment b/f	-	-	-		-	-	-	- **
<b>Net Book Value at 1 April 2023</b>	<b>1,355.826</b>	<b>1,097.170</b>	<b>50.362</b>	<b>555.520</b>	<b>7.007</b>	<b>46.379</b>	<b>44.888</b>	<b>3,157.152</b>
Additions - Capital Expenditure	27.328	4.877	8.480	43.277	0.206	0.040	21.838	106.046
Additions - PFI	-	0.221	-	1.124	-	-	-	1.345
Depreciation Charge	(22.677)	(29.482)	(10.776)	(28.834)	5.931	(0.484)	-	(86.322)
Revaluations - Recognised in Revaluation Reserve	5.171	101.166	-	-	-	(2.750)	-	103.587
Revaluations - Recognised in the CIES	(23.558)	0.898	-	-	-	(2.106)	-	(24.766)
Derecognition - Disposals	(15.911)	(9.836)	(0.287)	-	-	(0.249)	-	(26.283)
Derecognition - Other	(5.275)	(2.033)	-	-	-	(0.040)	-	(7.348)
Other Movements - Transfers to Assets Held for Sale	2.400	-	-	-	-	(36.462)	-	(34.062)
Other Movements - Other	17.452	(16.953)	-	-	-	1.293	(17.452)	(15.660)
<b>Net Book Value at 31 March 2024</b>	<b>1,340.756</b>	<b>1,146.028</b>	<b>47.779</b>	<b>571.087</b>	<b>13.144</b>	<b>5.621</b>	<b>49.274</b>	<b>3,173.689</b>
Gross Book Value c/f	1,340.756	1,147.654	107.068		13.144	5.621	49.274	2,663.517 **
Accumulated Depreciation c/f	-	(1.626)	(59.289)		-	-	-	(60.915) **
Accumulated Impairment c/f	-	-	-		-	-	-	- **
<b>NET BOOK VALUE AT 31 MARCH 2024</b>	<b>1,340.756</b>	<b>1,146.028</b>	<b>47.779</b>	<b>571.087</b>	<b>13.144</b>	<b>5.621</b>	<b>49.274</b>	<b>3,173.689</b>

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

**PFI Assets included in PPE**

<b>2023/24 PFI Asset Value</b>		
	<b>Other Land and Buildings £m</b>	<b>Infrastructure Assets £m</b>
Gross Book Value b/f	31.591	
Accumulated Depreciation b/f	-	
Accumulated Impairment b/f	-	
<b>Net Book Value at 1st April 2023</b>	<b>31.591</b>	<b>220.549</b>
Additions - PFI	0.221	1.124
Depreciation Charge	(0.955)	(7.091)
Revaluations - Recognised in Revaluation Reserve	0.648	-
Revaluations - Recognised in the CIES	(0.360)	-
<b>Net Book Value at 31st March 2024</b>	<b>31.145</b>	<b>214.582</b>
Gross Book Value c/f	31.145	
Accumulated Depreciation c/f	-	
Accumulated Impairment c/f	-	
<b>Net Book Value at 31 March 2024</b>	<b>31.145</b>	<b>214.582</b>

**Depreciation**

In line with the Accounting Policies for PPE (notes 4.1.1.8 and 4.1.3.1) the following useful lives and depreciation rates have been used in the calculation of depreciation:

	<b>Overall Range</b>
Council Dwellings – Existing Use Value - Social Housing	Up to 65 years
Other Land and Buildings	Up to 77 years
Furniture & Equipment	Up to 20 years
Vehicles	Up to 13 years
Infrastructure Assets	Up to 100 years

Where the Council departs from standard lives, the lives used are within the overall range outlined in the table above.

**Revaluations**

The Council carries out a rolling programme that ensures that all PPE carried at 'current value' is revalued at least every 5 years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historical cost as a proxy for current value.

## Section 4 – Notes to the Financial Statements

During 2024/25, asset valuations for operational properties were completed in compliance with the 5-year requirement. In addition, a number of valuations outside the Council's 5-year programme, for properties undergoing significant changes because of capital investment, material impairment or reclassification were completed.

A beacon valuation of Council Dwelling beacon properties by external valuers HEB was also completed in 2024/25.

### Valuers' Assumptions - Cyclical and Non-Cyclical Valuations

- States of Repair - All properties have been assumed to be in good condition unless specific disrepair has been identified and this has been taken into account in the valuation.
- Contamination – Unless there is specific evidence, it is assumed that the properties are not, nor are likely to be affected by land contamination and that there are no ground conditions that affect the present or future use of the properties. Where there is evidence of contamination, this has been reflected in the valuation unless the cost of decontamination work would be immaterial.
- Title - It is assumed that there are no encumbrances on title.
- Council Housing Stock Valuation – beacon revaluation (see note 5.1.3.3 for details).

### Material Revaluation Gains, Losses and Impairments

A revaluation gain of £14.060m relating to the 43.5 acre site at Thane Road/Bull Close Road has been recognised in the accounts. This is due to external valuers Montague Evans adopting a land value approach to the site.

In line with the Accounting Policies for PPE, the Council's componentisation policy has been applied to recognition, revaluation and depreciation of fixed assets during 2024/25

### Valuation at 31 March 2025

The Council's rolling revaluation programme is summarised below:

DESCRIPTION	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Valued at depreciated current value as at:								
2022/23		29.747						29.747
2023/24		36.525						36.525
2024/25	1,355.130	1,102.722	40.655	582.521	17.223	16.089	17.844	3,132.184
<b>NET BOOK VALUE AT 31 MARCH 2025</b>	<b>1,355.130</b>	<b>1,168.994</b>	<b>40.655</b>	<b>582.521</b>	<b>17.223</b>	<b>16.089</b>	<b>17.844</b>	<b>3,198.456</b>



**Surplus Assets**

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2025 £m
Land	-	11.179	-	11.179
Leisure / Other	-	0.770	-	0.770
Offices	-	4.140	-	4.140
<b>Total</b>	-	<b>16.089</b>	-	<b>16.089</b>

Please refer to note 4.4.3 Investment Properties for Fair Value disclosures including methodologies, techniques and hierarchies.

**Capital Commitments**

At 31 March 2025, the Council had entered into a number of contracts for the construction or enhancement of PPE with future costs estimated as £46.671m. The equivalent figure as at 31 March 2024 was £57.849m. The major commitments are summarised below:

Capital Programme Element	Major Schemes	31 March 2025 £m
Transport	Transforming Cities	8.637
Transport	Neighbourhood of the Future	1.329
Transport	Other Transport Schemes (Under £1.0m)	4.590
General Fund	Fleet Replacement Programme	1.032
General Fund	Energy and Environment	1.302
General Fund	Regeneration and Growth	1.400
General Fund	Other General Fund Schemes (Under £1.0m)	2.200
HRA	Decent Neighbourhoods	1.651
HRA	Existing Stock investment	7.956
HRA	Energy Efficiency and Fuel Poverty	2.417
HRA	Nottingham Secure Warm and Modern Living	8.550
HRA	Oakdene Demolition	3.475
HRA	Other HRA Schemes (Under £1.0m)	2.132
<b>TOTAL</b>		<b>46.671</b>

## Section 4 – Notes to the Financial Statements

### 4.4.2 Heritage Assets

The Council's register of Heritage Assets includes over 90,000 items (excluding the natural history collection). The natural history collection is a collection of animals, plants and other living things which hold no monetary value and are held by the Council solely for their scientific value. The Council holds its Heritage Assets as a contribution to the knowledge and cultural development of both citizens and visitors. The Heritage Assets items are either held on display at one of the Council's museums or held in storage, where access is encouraged.

These collections are reported either at cost or an adjusted external valuation, based on an annually updated market value, usually provided for insurance purposes. Items reported at cost are usually awaiting a market valuation.

Collections:	Byron	Costume	Decorative Art	Fine Art	Human & Social History	Industrial History	Civic Regalia & Silver	Wollaton Non-Operational Buildings	Non-Building Structures	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 April 2023	18.572	0.735	5.209	44.797	0.874	0.015	1.752	0.372	0.732	<b>73.058</b>
Additions	-	-	-	-	-	-	-	-	0.006	<b>0.006</b>
Revaluations	0.705	0.028	0.197	1.943	0.052	-	0.063	-	-	<b>2.988</b>
<b>31 March 2024</b>	<b>19.277</b>	<b>0.763</b>	<b>5.406</b>	<b>46.740</b>	<b>0.926</b>	<b>0.015</b>	<b>1.815</b>	<b>0.372</b>	<b>0.738</b>	<b>76.052</b>
Additions	-	-	-	-	-	-	-	-	0.084	<b>0.084</b>
Revaluations	0.653	0.060	0.184	1.588	0.061	-	0.062	-	-	<b>2.609</b>
<b>31 MARCH 2025</b>	<b>19.930</b>	<b>0.823</b>	<b>5.590</b>	<b>48.328</b>	<b>0.987</b>	<b>0.015</b>	<b>1.877</b>	<b>0.372</b>	<b>0.822</b>	<b>78.746</b>

### Preservation and Management

Each of the collections is managed by a curator who is responsible for their care and management in accordance with Nottingham City Council policies and national guidelines. This policy requires that Heritage Assets are only disposed of when it is considered that they no longer contribute to the interest of the general public in their subject area. Although acquisitions are rare and primarily made by donation, on those rare occasions when a particularly important asset is available for purchase, the Council will apply for funding and undertake the purchase, provided that it meets the Council's objectives.

### 4.4.3 Investment Property

There are no restrictions on the Council's ability to sell its investment property or on its right to related income and the proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment property or to conduct repairs, maintenance or enhancement.

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

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	222.148	200.554
Additions	0.012	0.018
Disposals	(17.557)	(3.791)
Net gains/(losses) from fair value adjustments	(19.709)	1.492
Transfers to / from Property Plant and Equipment	15.660	-
<b>BALANCE AT 31 MARCH</b>	<b>200.554</b>	<b>198.273</b>

Details of related income and expenditure included in the CIES are shown in note 4.3.4.

### Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2025 are as follows:

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2025 £m
Industrial	-	32.806	-	32.806
Land	-	28.836	2.725	31.561
Leisure / Other	-	14.254	2.155	16.409
Office	-	49.580	-	49.580
Retail	-	59.299	-	59.299
Services	-	8.618	-	8.618
<b>Total</b>	<b>-</b>	<b>193.393</b>	<b>4.880</b>	<b>198.273</b>

### Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties:

Investment properties are assets which are judged to be held solely to generate rental income or for capital appreciation purposes. All valuations have been assessed at level 2 for valuation purposes. When assessing the value, the strongest regard is given to recent comparable market evidence for rents and yields, but other factors may also be integrated and considered such as covenant strength of occupiers, nearby factors that may affect value, general market movements, macro-economic and political factors, and general market knowledge acquired from actively managing a portfolio of investment properties.

### Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

### Valuation Techniques

IFRS13 Fair Value accounting has been used during financial year 2023/24 for investment properties.

### Valuation Process for Investment Properties

The fair value of the Council's investment properties is measured annually. The valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

## Section 4 – Notes to the Financial Statements

### 4.4.4 Assets Held for Sale

	2023/24 £m	2024/25 £m
<b>Balance outstanding at start of year</b>	<b>15.182</b>	<b>46.496</b>
PPE newly classified as held for sale	34.062	-
Revaluation losses	(2.407)	(15.698)
Revaluation gains	-	(9.489)
Assets sold	(0.341)	(3.679)
Other movements	-	(0.001)
<b>BALANCE AT 31 MARCH</b>	<b>46.496</b>	<b>17.629</b>

### 4.4.5 Inventories

	2023/24				2024/25			
	Consumable Stores	Maintenance Materials	Client services work in progress	Total	Consumable Stores	Maintenance Materials	Client services work in progress	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 1 April</b>	<b>1.107</b>	<b>0.034</b>	<b>0.257</b>	<b>1.398</b>	<b>1.196</b>	<b>0.011</b>	<b>-</b>	<b>1.207</b>
Purchases	6.933	0.023	-	6.956	7.540	0.005	0.167	7.712
Recognised as an expense in the year	(6.808)	(0.046)	(0.257)	(7.111)	(7.072)	(0.008)	-	(7.080)
Written off balances	(0.036)	-	-	(0.036)	-	-	-	-
<b>BALANCE AT 31 MARCH</b>	<b>1.196</b>	<b>0.011</b>	<b>-</b>	<b>1.207</b>	<b>1.664</b>	<b>0.008</b>	<b>0.167</b>	<b>1.839</b>

### 4.4.6 Short Term Debtors

	31 March 2024 £m	31 March 2025 £m
Prepayments	10.902	12.512
Local Taxation	22.721	23.149
Trade	60.128	47.073
Other receivable amounts	25.284	34.633
<b>TOTAL</b>	<b>119.035</b>	<b>117.367</b>

#### 4.4.7 Debtors for Local Taxation

The Council's share of aged debtors for Council Tax and NNDR excluding the allowance for non-collection is shown in the following table:

	2023/24			2024/25		
	Council Tax £m	NNDR £m	Total £m	Council Tax £m	NNDR £m	Total £m
Up to 1 year	12.740	6.179	18.919	14.784	4.464	19.248
1 to 3 years	13.843	6.756	20.599	14.796	4.579	19.375
Over 3 years	13.511	4.795	18.306	17.085	4.715	21.800
<b>TOTAL</b>	<b>40.094</b>	<b>17.730</b>	<b>57.824</b>	<b>46.665</b>	<b>13.758</b>	<b>60.423</b>

#### 4.4.8 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises the following elements:

	Restated 31 March 2024 £m	31 March 2025 £m
Cash held by the Authority	0.091	0.108
Bank current accounts	23.041	22.789
Short-term deposits	76.600	101.500
<b>TOTAL</b>	<b>99.732</b>	<b>124.397</b>

The Council has an overdraft of £5.082m (£4.162m in 2023/24) offset against credit balances held within its bank current accounts.

Imprest accounts have been reclassified from 'cash held by the authority' to 'bank current accounts', therefore the balances as at 31 March 2024 have been restated (the total balance has not changed).

#### 4.4.9 Short Term Creditors

	31 March 2024 £m	31 March 2025 £m
Receipts in Advance	(28.025)	(31.707)
Trade	(99.633)	(80.581)
Other payables	(62.797)	(65.105)
<b>TOTAL</b>	<b>(190.455)</b>	<b>(177.393)</b>

#### 4.4.10 Provisions

##### Current Provisions

The NET2 provision is for compulsory purchases where the purchase price has yet to be agreed.

## Section 4 – Notes to the Financial Statements

	Compulsory Purchases for NET2 £m	Other £m	Total £m
<b>Balance at 1 April 2024</b>	<b>(0.559)</b>	<b>(0.782)</b>	<b>(1.341)</b>
Additional provisions made	-	(0.748)	(0.748)
Amounts used	0.359	0.206	0.565
Unused amounts reversed	0.200	0.336	0.536
<b>BALANCE AT 31 MARCH 2025</b>	<b>-</b>	<b>(0.988)</b>	<b>(0.988)</b>

### Non-Current Provisions

These accounts represent amounts set aside to meet specific expenditure in future years.

	Injury and Damage Compensation Claims £m	NNDR Appeals £m	Employment	Total £m
<b>Balance at 1 April 2024</b>	<b>(17.158)</b>	<b>(8.461)</b>	<b>(4.444)</b>	<b>(30.063)</b>
Additional provisions made	(0.089)	(2.564)	-	(2.653)
Amounts used	0.474	4.140	0.950	5.564
Reduction in provision	-	1.363	-	1.363
<b>BALANCE AT 31 MARCH 2025</b>	<b>(16.773)</b>	<b>(5.522)</b>	<b>(3.494)</b>	<b>(25.789)</b>

### Insurance Compensation Claims

The Council maintains an insurance provision to meet the cost of claims arising from self-insured risks, risks which fall below the external policy retention levels and for payment of external insurance premiums.

The majority of costs met from the provision arise from property damage, liability claims made against the Council and motor accidents involving Council motor vehicles. In order to limit the Council's exposure to these risks the policies for external fire, motor and liability claims have been arranged with excesses of £0.250m, £0.100m and £0.396m respectively. To further protect the Council's exposure to significant payments, aggregate stop losses are in place, which limit the total value of claims that the Council will have to fund in one policy year. The stop losses for the 2024/25 policy year were £5.1m for liability claims, £1.072m for motor claims and £2m for general property (operational, housing and education) and £15m for commercial properties. Other costs falling on the provision include self-insured risks and the payment of insurance premium for policies where the risk has been transferred to the market.

Contributions to the insurance provision arise from annual charges to service areas. These maintain the insurance provision at a sufficient level to meet current claim liabilities, which includes an element of incurred but not reported claims. In addition to the known and estimated liabilities there are also potential liabilities on the fund that have not been included in the fund balance and are included in the reserve. The insurance fund has an external actuarial review every two years to ensure the Council maintains sufficient funds to meet the Council's future liabilities.



### National Non-Domestic Rates (NNDR)

This represents the Council's share of NNDR appeals provision. The Council bears a risk of non-collection of NNDR following appeals. £8.449m is the value of successful appeals charged against the provision in 2024/25. An increase of £2.451m in the provision has been made as a result of the assessment of outstanding appeals at 31st March 2025. The Council has recognised its share of the provision balances.

### Employment

A provision of £3.494m has been set aside to meet the potential cost of settlements arising from an ongoing employment tribunal case.

#### 4.4.11 Usable Reserves

Movements in the Council's usable reserves are summarised in the Movement in Reserves Statement (Table 3.3).

Details of the Earmarked General Fund reserves are shown below:

	Restated 2023/24		2024/25		
	Balance at 1 April 2022 £m	Net Movements £m	Balance at 31 March 2023 £m	Net Movements £m	Balance at 31 March 2024 £m
<b>Restricted Reserves:</b>					
Capital	3.860	1.230	5.090	(5.090)	-
Schools	30.199	(3.759)	26.440	(4.304)	22.136
<b>Other Reserves:</b>					
Asset Maintenance	3.157	0.708	3.865	1.405	5.270
Contingency and Risk	34.567	(0.033)	34.534	(24.231)	10.303
Information Technology	7.587	(2.401)	5.186	1.932	7.118
Local Economy	2.687	(0.496)	2.191	0.193	2.384
Private Finance Initiatives	52.753	(4.650)	48.103	8.719	56.822
Services	30.111	8.357	38.468	20.270	58.738
Transformation	14.817	3.138	17.955	(1.705)	16.250
Treasury Management	13.493	-	13.493	-	13.493
Workforce	2.204	(0.244)	1.960	(1.960)	-
<b>TOTAL</b>	<b>195.435</b>	<b>1.850</b>	<b>197.285</b>	<b>(4.771)</b>	<b>192.514</b>

Restricted reserves have been identified separately as they are generally not available to support General Fund revenue expenditure.

The detailed categories are explained below:

### Capital

Sums that have been set aside in previous years to provide additional funding for the capital programme or to manage the impact of new capital schemes that have not yet been included in the capital programme.

## Section 4 – Notes to the Financial Statements

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### **Schools**

This represents funds that have been allocated to schools under Local Management of Schools legislation, and which remains unspent at the year end. This reserve is not available to support other General Fund expenditure.

### **Asset Maintenance**

These reserves are available to help maintain the Council's properties and other assets, particularly where there are significant and/or periodic requirements to ensure the Council's assets are adequately maintained.

### **Contingency & Risk**

Certain areas of expenditure are subject to volatility. Reserves are therefore set aside to help manage the impact on the General Fund of significant changes in costs year on year in specific areas.

These reserves reflect the potential future liabilities in relation to insurance claims, Housing Benefits and Business Rates and provide resources to help reduce or deal with risk management issues that arise.

£4.618m is set aside in the Contingency & Risk Reserve to fund the 2nd Item 9 Credit Application when it has been agreed (see note 5.1.3.10 for further details).

### **Information Technology**

These reserves are set aside to provide a source of funding for any major changes to information technology that may be required.

### **Local Economy**

The Council has set aside reserves that will allow investment in the local economy. These are generally used to help local businesses and residents.

### **Private Finance Initiatives**

PFI reserves exist for a number of schemes as a result of Government funding received in advance to finance future years' liabilities. This income is therefore set aside to ensure sufficient funds are available to cover the cost of contracts in future years.

### **Services**

Where services have identified one-off items of revenue expenditure that are likely to be incurred in future years.

### **Transformation**

These reserves are available to help meet costs incurred when implementing business and service efficiencies within the Council, including the cost of implementing the new Enterprise Resource Planning system ahead of business change benefits.

### **Treasury Management**

Impact of economic or financial market volatility and compliance with IFRS 9 impairment losses which are subject to annual review.

### **Workforce**

This reserve is primarily available to fund pension costs.

#### 4.4.12 Unusable Reserves

Unusable reserves have been created as a result of the difference between accounting under IFRS and statutory provisions for meeting expenditure from the General Fund. These reserves represent differences due to timing of funding certain items of expenditure and are not available as a source of general funding.

	2023/24 £m	2024/25 £m
Revaluation Reserve	1,095.701	1,131.367
Capital Adjustment Account	1,256.921	1,239.619
Financial Instruments Adjustment Account	10.854	9.691
Pensions Reserve	(88.600)	(80.472)
Deferred Capital Receipts Reserve	1.041	1.041
Collection Fund Adjustment Account	2.985	5.179
Accumulated Absences Account	(5.553)	(5.553)
<b>TOTAL UNUSABLE RESERVES</b>	<b>2,273.349</b>	<b>2,300.872</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made arising from increases in the value of its PPE. The balance is reduced when assets with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 1 April 2007, when the reserve was first created. Gains arising prior to 1 April 2007 are consolidated into the balance on the Capital Adjustment Account.

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	<b>1,026.146</b>	<b>1,095.701</b>
Upward revaluation of assets	140.365	120.036
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(33.790)	(49.247)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	106.575	70.789
Difference between fair value depreciation and historical cost depreciation	(29.396)	(14.930)
Accumulated gains on assets sold or scrapped	(7.624)	(20.193)
Amount written off to the Capital Adjustment Account	(37.020)	(35.123)
<b>BALANCE AT 31 MARCH</b>	<b>1,095.701</b>	<b>1,131.367</b>

## Section 4 – Notes to the Financial Statements

### 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 under statutory provisions. Depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance costs of acquisition, construction and enhancement.

The account also contains accumulated gains and losses on Investment Properties, gains recognised on donated assets yet to be consumed by the Council, and revaluation gains accumulated on PPE prior to 1 April 2007.

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	<b>1,240.832</b>	<b>1,256.921</b>
<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>		
Amortisation of intangible assets	(1.235)	(1.271)
Charges for depreciation of non-current assets	(86.322)	(89.881)
Revaluation losses on Property, Plant and Equipment	(27.173)	(32.794)
Movements in the market value of Investment Properties	(19.709)	1.492
Revenue expenditure funded from capital under statute (REFCUS)	(99.492)	(118.718)
REFCUS expenditure funded by grants	74.943	94.470
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(51.528)	(66.845)
Charges for impairment of investment in subsidiary	(0.589)	-
Adjusting amounts written out of the Revaluation Reserve	37.020	35.123
	(174.085)	(178.424)
<b>Capital financing applied in the year:</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	22.907	11.254
Use of Capital Receipts Reserve to finance exceptional financial support	17.568	7.736
Use of Capital Receipts Reserve to repay debt	27.587	17.378
Use of the Major Repairs Reserve to finance new capital expenditure	23.753	27.307
Application of grants to fund capital expenditure	53.112	42.768
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	27.808	32.252
Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	2.397	2.692
Leasing Adjustments Minimum Revenue Provision	0.002	0.455
Adjustment to MRP as a result of PFI Projects	11.669	12.139
Capital expenditure charged against the General Fund and HRA balances	12.436	16.089
<b>Reduction in Liabilities &amp; Repayment of Long Term Debtors etc:</b>		
Principal Repayment of Capital Loans	(9.065)	(8.948)
	190.174	161.122
<b>BALANCE AT 31 MARCH</b>	<b>1,256.921</b>	<b>1,239.619</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses for certain financial instruments and for bearing losses or benefiting from gains as per statutory provisions. The Council uses the account to manage premiums paid and discounts received on the early redemption of loans. Premiums and discounts are debited or credited to the CIES when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Similar treatment is applied to loans raised by the Council with variable interest rates applied (Lenders Option Borrowers Option loans), and for monies advanced by the Council at less than the market interest rate (soft loans).

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	<b>(4.865)</b>	<b>10.854</b>
Premiums incurred in the year	0.363	0.363
Discounts incurred in the year	15.273	(1.697)
Lenders Option Borrowers Option Loans	0.083	0.171
<b>BALANCE AT 31 MARCH</b>	<b>10.854</b>	<b>9.691</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Post-employment benefits are accounted for in the CIES as the benefits are earned by employees accruing years of service, liabilities are updated to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as employer's contributions are made to pension funds or eventually the Council will pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. Statutory arrangements ensure that funding will have been set aside by the time the benefits are due to be paid.

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	<b>(84.785)</b>	<b>(88.600)</b>
Remeasurements of the net defined benefit liability/asset	8.034	(7.795)
Reversal of items relating to retirement benefits debited or credited to (Surplus)/Deficit on Provision of Services in the CIES	(61.896)	(34.944)
Employer's pensions contributions and direct payments to the pensioners payable in the year	50.047	50.867
<b>BALANCE AT 31 MARCH</b>	<b>(88.600)</b>	<b>(80.472)</b>

## Section 4 – Notes to the Financial Statements

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until the cash is received, and it is then transferred to the Capital Receipts Reserve.

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	<b>6.729</b>	<b>1.041</b>
Transfer to the Capital Receipts Reserve upon receipt of cash	(5.688)	-
<b>BALANCE AT 31 MARCH</b>	<b>1.041</b>	<b>1.041</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NNDR income in the CIES as it falls due, compared with the statutory arrangements (funding basis) for paying across amounts to the General Fund from the Collection Fund.

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	<b>(1.039)</b>	<b>2.985</b>
Adjustment for council tax income and NNDR credited to the CIES on an accounting basis instead of funding basis	4.024	2.194
<b>BALANCE AT 31 MARCH</b>	<b>2.985</b>	<b>5.179</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements (funding basis) require it to be treated as an unusable reserve so that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2023/24 £m	2024/25 £m
<b>Balance at 1 April</b>	<b>(5.553)</b>	<b>(5.553)</b>
Settlement or cancellation of accrual made at the end of the preceding year	5.553	5.553
Amounts accrued at the end of the current year	(5.553)	(5.553)
<b>Adjustment to CIES to include officer remuneration on an accounting (accruals) basis instead of funding basis</b>	<b>-</b>	<b>-</b>
<b>BALANCE AT 31 MARCH</b>	<b>(5.553)</b>	<b>(5.553)</b>

#### 4.4.13 Grants Received in Advance

##### Revenue Grants Received in Advance

The Council has received a number of Revenue grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned if they are not met.

The balances at the year-end are as follows:

	31 March 2024 £m	31 March 2025 £m
Department for Education	(2.706)	(3.402)
Department of Health and Social Care	(3.674)	-
Department for Environment, Food and Rural Affairs	(0.146)	(0.063)
Department for Levelling Up, Housing & Communities	(2.994)	(5.502)
Department for Business, Energy and Industrial Strategy	(14.666)	(3.598)
Department for Transport	(0.643)	(0.284)
Department for Work and Pensions	(1.299)	(0.009)
Home Office	(3.313)	(0.168)
Arts Council England	(0.067)	(0.183)
Other Government Grants	(3.328)	(3.859)
Other Non Government Grants and Contributions	(0.119)	(0.411)
<b>TOTAL</b>	<b>(32.955)</b>	<b>(17.479)</b>

There is also £0.191m (£0.141m as at 31 March 2024) of Revenue grant re S106 agreements, which is classed as a long term receipt in advance on the balance sheet.

##### Capital Grants Received in Advance

The Council has received a number of Capital grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if they are not met.

The balances at the year-end are as follows:

	31 March 2024 £m	31 March 2025 £m
Department for Education	(28.391)	(28.303)
Department for Transport	(80.019)	(49.809)
Ministry of Housing, Communities and Local Government	(1.428)	(1.889)
Department for Business, Energy & Industrial Strategy	(4.625)	(2.357)
S106 Contributions - Affordable Housing	(2.849)	(3.613)
S106 Contributions - Open Space	(3.268)	(4.085)
S106 Contributions - Education	(5.264)	(5.154)
S106 Contributions - Transport / Public Realm / Flood Prevention	(4.949)	(5.156)
Other Grants and Contributions	(8.194)	(9.688)
<b>TOTAL</b>	<b>(138.987)</b>	<b>(110.054)</b>



## Section 4 – Notes to the Financial Statements

### 4.4.14 Defined Benefit Pension Schemes

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

The Council participates in three post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by Nottinghamshire County Council.
- The Teachers' Pension Scheme, managed by the Department for Education (DfE) and administered by Capita Business Services Ltd.
- The NHS Pension Scheme, administered by the NHS Business Services Authority.

Further details for these schemes can be found in Section 7.

The following tables explain the amounts in the financial statements.

Teachers Benefits data is in respect of additional pensions granted at retirement by the Council and are paid for by the Council as they become due.

#### Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	2023/24	2024/25	2023/24	2024/25
	£m	£m	£m	£m
<b>Opening balance at 1 April</b>	<b>(1,421.635)</b>	<b>(1,710.609)</b>	<b>(24.846)</b>	<b>(23.724)</b>
Current service cost	(33.652)	(33.270)	-	-
Interest cost	(93.033)	(83.473)	(1.141)	(1.085)
Change in financial assumptions	38.063	250.331	(0.154)	1.173
Change in demographic assumptions	23.058	4.324	0.390	0.069
Experience (loss)/gain on defined benefit obligation	(13.454)	4.043	(0.154)	0.034
Liabilities assumed/extinguished on settlements	(258.871)	0.087	-	-
Estimated benefits paid net of transfers in	62.399	74.473	-	-
Past Service costs including curtailments	(0.618)	(2.322)	-	-
Contributions by scheme participants and other employers	(13.714)	(14.117)	-	-
Unfunded pension payments	0.848	0.843	2.181	2.262
<b>CLOSING BALANCE AT 31 MARCH</b>	<b>(1,710.609)</b>	<b>(1,509.690)</b>	<b>(23.724)</b>	<b>(21.271)</b>

The experience (loss)/gain on the defined benefit obligation includes £4.043m in respect of the allowance for actual CPI inflation over the accounting period.

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2023/24	2024/25
	£m	£m
<b>Opening balance at 1 April</b>	<b>1,361.696</b>	<b>1,738.514</b>
Interest on assets	82.607	90.966
Return on assets less interest	53.066	(25.487)
Other actuarial gains/(losses)	-	-
Administration expenses	(0.667)	(0.875)
Contributions by the employer including unfunded	47.866	48.605
Contributions by scheme participants and other employers	13.714	14.117
Estimated benefits paid plus unfunded net of transfers in	(63.247)	(75.316)
Settlement prices received/(paid)	243.479	(0.099)
<b>CLOSING BALANCE AT 31 MARCH</b>	<b>1,738.514</b>	<b>1,790.425</b>

Investment expenses are included in actual return on assets in excess of interest.

Reconciliation of change in impact of asset ceiling:

	Local Government Pension Scheme	
	2023/24	2024/25
	£m	£m
<b>Opening impact of asset ceiling at 1 April</b>		<b>(92.781)</b>
Interest on impact of asset ceiling	-	(4.873)
Actuarial gains/(losses)	(92.781)	(242.282)
<b>CLOSING IMPACT OF ASSET CEILING AT 31 MARCH</b>	<b>(92.781)</b>	<b>(339.936)</b>

The asset ceiling is the present value of any economic benefit available to the Council in the form of refunds or reduced future employer contributions. The calculation of the asset ceiling has followed the Actuary's interpretation of IFRIC 14.

The Actuary's calculations assume that:

- The Council does not have a right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Council is a scheduled body and assumed to participate indefinitely.
- The requirement for the Council to make contributions to the Fund is considered to be a minimum funding requirement (MFR). For the period beyond the existing Rates and Adjustments certificate, the Actuary's best estimate is that the existing rates remain in force. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, and also the lack of any other readily available figure.

## Section 4 – Notes to the Financial Statements

In broad terms the Actuary's analysis shows that:

- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £287.279m, the initial impact of the asset ceiling is £287.279m.
- The Council is currently paying deficit contributions towards a funding deficit. The Actuary have assessed this minimum funding requirement and calculate that it constitutes an onerous funding commitment. There is an additional liability of £52.657m to be recognised.
- The unadjusted funded surplus is £287.279m. There is an initial impact from an asset ceiling of £287.279m, plus an additional liability of £52.657m. The final funded net asset to be recognised is £52.657m.
- In addition, there is an unfunded liability of £6.544m. The final deficit to be recognised is £59.201m.

The net pension liability shown in the balance sheet as at 31 March is as follows:

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	31 March	31 March	31 March	31 March
	2024	2025	2024	2025
	£m	£m	£m	£m
Present value of the defined benefit obligation	(1,702.911)	(1,503.146)	-	-
Fair value of Fund assets (bid value)	1,738.514	1,790.425	-	-
<b>Surplus / (Deficit)</b>	<b>35.603</b>	<b>287.279</b>	-	-
Present value of unfunded obligation	(7.698)	(6.544)	(23.724)	(21.271)
Impact of asset ceiling	(92.781)	(339.936)	-	-
<b>NET DEFINED BENEFIT LIABILITY IN BALANCE SHEET</b>	<b>(64.876)</b>	<b>(59.201)</b>	<b>(23.724)</b>	<b>(21.271)</b>

### 4.4.15 Financial Instruments

The operation of the Council's Treasury Management function is regulated through the Local Government Act 2003 and supplementary guidance issued by MHCLG, CIPFA Code of Practice for Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council approves an annual treasury strategy, reviewing risk and expected activities during the year.

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 requires disclosure of information pertaining to the scope, significance and risk associated with the Council's financial instruments.

#### Categories of Financial Instruments

A financial instrument arises from a contract which creates a financial asset in one organisation and a financial liability in another. Non exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

The following categories of financial instrument are carried in the Balance Sheet:

## Financial Assets

	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2024	2025	2024	2025	2024	2025	2024	2025
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Amortised Cost</b>								
Principal	0.835	0.781	87.190	86.829	258.277	249.646	57.918	60.534
Cash & Cash Equivalents	-	-	-	-	99.732	124.397	-	-
Investment accrued Interest	-	-	-	-	2.575	4.971	-	-
<b>Amortised Cost Total</b>	<b>0.835</b>	<b>0.781</b>	<b>87.190</b>	<b>86.829</b>	<b>360.584</b>	<b>379.014</b>	<b>57.918</b>	<b>60.534</b>
Fair value through other comprehensive income - other	0.775	0.705	-	-	-	-	-	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>1.610</b>	<b>1.486</b>	<b>87.190</b>	<b>86.829</b>	<b>360.584</b>	<b>379.014</b>	<b>57.918</b>	<b>60.534</b>
Non-financial Instrument	13.245	11.379	-	-	-	-	61.117	56.833
<b>TOTAL</b>	<b>14.855</b>	<b>12.865</b>	<b>87.190</b>	<b>86.829</b>	<b>360.584</b>	<b>379.014</b>	<b>119.035</b>	<b>117.367</b>

The long term debtor balances in controlled entities have been moved into Financial Assets at amortised cost. The equity investment in controlled entities remains in Non-Financial Instruments as they are accounted for in the group accounts.

## Long Term Debtors

Long Term Debtors by type	31 March	New Loans	Loan	Expected	Other	31 March
	2024	Issued	Repayments	Loss	Movements	2025
	£m	£m	£m	Allowance	£m	£m
				Movements		
	£m	£m	£m	£m	£m	£m
Loans to Council Group Company	39.307	-	(4.980)	30.055	(23.936)	40.446
Loans to 3rd Party Organisations	24.091	0.234	(0.627)	0.051	0.862	24.611
PFI Related Debtor	21.141	-	-	-	(2.349)	18.792
Housing Debtors	0.672	-	-	-	-	0.672
Other Debtors	1.979	0.184	(0.052)	0.197	-	2.308
<b>TOTAL</b>	<b>87.190</b>	<b>0.418</b>	<b>(5.659)</b>	<b>30.303</b>	<b>(25.423)</b>	<b>86.829</b>

The PFI debtor relates to the NET 2 operators right to use NET Line 1 infrastructure over the term of the PFI agreement.

Other movements are year end technical accounting adjustments including the soft loan accounting and transferring repayments due in the next 12 months to short term debtors.

## Financial Liabilities

	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2024	2025	2024	2025	2024	2025	2024	2025
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Amortised Cost</b>								
Principal	(766.877)	(710.453)	-	-	(37.428)	(35.759)	(99.633)	(80.581)
Loans Accrued Interest	-	-	-	-	(6.667)	(6.064)	-	-
Market Loan Effective Interest Rate Adjustment	(0.816)	(0.813)	-	-	-	-	-	-
PFI and finance lease liabilities	(133.415)	(148.605)	-	-	(12.816)	(15.425)	-	-
Other	-	-	(3.095)	(2.970)	-	-	-	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(901.108)</b>	<b>(859.870)</b>	<b>(3.095)</b>	<b>(2.970)</b>	<b>(56.911)</b>	<b>(57.248)</b>	<b>(99.633)</b>	<b>(80.581)</b>
Non-financial Instrument	-	-	-	-	-	-	(78.006)	(81.387)
<b>TOTAL</b>	<b>(901.108)</b>	<b>(859.870)</b>	<b>(3.095)</b>	<b>(2.970)</b>	<b>(56.911)</b>	<b>(57.248)</b>	<b>(177.639)</b>	<b>(161.968)</b>

## Section 4 – Notes to the Financial Statements

### Notes:

The principal element of borrowings plus PFI and finance lease liabilities equates to external debt for comparison against the operational boundary

Borrowings	Long-term		Current	
	31 March	31 March	31 March	31 March
	2024	2025	2024	2025
	£m	£m	£m	£m
PWLB	(725.867)	(684.440)	(39.288)	(37.299)
Market Loans	(41.813)	(26.813)	(0.492)	(0.141)
Temporary Debt & Other	(0.013)	(0.013)	(4.315)	(4.383)
<b>Total Borrowings</b>	<b>(767.693)</b>	<b>(711.266)</b>	<b>(44.095)</b>	<b>(41.823)</b>

PWLB borrowings are long term loans of which the majority are at a fixed interest rate with a variety of maturity dates becoming due over the next 50 years. The Public Works Loans Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, which is an Executive Agency of HM Treasury.

Market Loans are long term loans all of which are at a fixed interest rate taken from Banks, £26m of these loans are known as LOBO loans where, at specific points, the lender has the option to alter the interest rate charged. Should the lender exercise the option to alter the interest rate, the borrower then has the option to continue with the loan instrument at the new rate or alternatively to terminate the agreement and pay back the sum borrowed with no other penalty.

Temporary Debt & Other are mainly loans taken at fixed interest rates for a duration of less than 12 months from another local authority.

### Financial Instruments – Items of interest, expense, gains and losses

The following table discloses the income and expenditure recognised in the CIES for all financial assets and liabilities not held at fair value (calculated using the effective interest method):

	2023/24	2024/25
	£m	£m
Net gains/losses on:		
- financial assets measured at amortised cost	1.452	0.423
<b>Total net (gains)/losses in (Surplus)/Deficit on Provision of Services</b>	<b>1.452</b>	<b>0.423</b>
Interest expense	41.222	33.072
<b>Total Expense in (Surplus)/Deficit on Provision of Services</b>	<b>41.222</b>	<b>33.072</b>
Interest income on financial assets measured at amortised cost	(12.699)	(11.899)
Other income	(0.028)	-
Dividend Income	(0.377)	(1.281)
<b>Total Income in (Surplus)/Deficit on Provision of Services</b>	<b>(13.104)</b>	<b>(13.180)</b>
<b>NET GAIN/(LOSS) FOR THE YEAR</b>	<b>29.570</b>	<b>20.315</b>

The interest expense figures above include £11.069m in 2024/25 and £12.390m in 2023/24 that relate to the HRA which gets recharged accordingly.

### Financial Instruments – Fair Values

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

All of the council's financial assets and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2025, using the following methods and assumptions:

- PWLB loans borrowed by the Council have been valued on the basis of using the PWLB new borrowing (certainty rate) discount rates matching the remaining duration of the loans.
- The fair values of other long-term borrowing have been estimated using the new PWLB Certainty Rate loan discount rates (UK government gilt prices plus a margin of 80 bpts) for the most appropriate maturity and repayment profiles as proxy for fair value in the absence of any detailed market transactions.
- The fair values of finance lease and PFI scheme assets and liabilities have been calculated by discounting the contractual cash flows (excluding service charges) at the appropriate AA corporate bond yield.
- Where appropriate the fair value for long term debtors has been estimated using a PWLB equivalent discount rate for new fixed rate loans with the most appropriate maturity and repayment profile as at 31st March 2025. The fair value on the remaining long term debtors is deemed to be the balance outstanding at 31<sup>st</sup> March 2025.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months, the fair value is taken to be the principal outstanding, plus accrued interest.
- The fair value of trade and other creditors and debtors is taken to be the billed amount.

Fair values are shown in the following table, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities that the council can access at the measurement date e.g. bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

## Section 4 – Notes to the Financial Statements

The fair values calculated are as follows:

	Fair value level	Restated 31 March 2024		31 March 2025	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
PWLB debt	2	(743.248)	(573.889)	(721.739)	(508.105)
Market loans	2	(41.405)	(35.372)	(26.954)	(18.592)
PFI and finance leases	2	(146.229)	(247.463)	(164.030)	(164.030)
Other debt	*	(3.095)	(3.095)	(4.383)	(4.383)
Trade creditors	*	(99.633)	(99.633)	(80.581)	(80.581)
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(1,033.610)</b>	<b>(959.452)</b>	<b>(997.687)</b>	<b>(775.690)</b>
Cash & Cash Equivalents	*	99.732	99.732	124.397	124.397
Other Investments (< 1 year)	*	260.852	260.852	254.617	254.617
Investments (> 1 year)	2	14.855	14.855	12.865	12.865
Trade Debtors	*	60.128	60.128	47.073	47.073
Long-term debtors	***2	87.190	87.190	86.829	86.829
<b>TOTAL FINANCIAL ASSETS</b>		<b>522.757</b>	<b>522.757</b>	<b>525.781</b>	<b>525.781</b>

\* The fair value of short term financial assets and liabilities including trade receivables/payables is assumed to be approximate to the carrying amount.

\*\*\* The carrying value is net of expected credit loss allowances and excludes repayments due within 12 months.

The fair value of the debt is greater than the carrying amount because the Council's portfolio of loans includes fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market as at the balance sheet date.

This shows a notional future loss (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders above current market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £721.386m would be valued at £508.105m which includes the premium or discount arising on the early repayment.

The fair value of the assets is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date.

### Financial Guarantee

Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract.

### Soft Loans

The Council has made a number of loans to voluntary organisations at less than market rates (soft loans). The details of these are £0.374m issued in 2014 then £0.150m issued in 2017, £0.090m issued in 2018, £0.345m issued in 2019/20 and £0.700m issued in 2020/21 and a further £0.200m in 2021/22 to Nottingham Castle Trust. When soft loans are made, a loss is recorded in the Comprehensive Income



and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed soft loan information is as follows:

	2023/24 £m	2024/25 £m
<b>Opening balance</b>	<b>1.219</b>	<b>1.219</b>
<b>Closing balance at end of year</b>	<b>1.219</b>	<b>1.219</b>
Nominal value	<b>1.859</b>	<b>1.859</b>

## 4.5 Movement in Reserves Statement Notes

### 4.5.1 Adjustments between Accounting Basis and Funding Basis under Regulations

2024/25	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	£m
<b>Non Current Assets</b>						
• Amortisation of Intangible Fixed Assets	1.271	-	-	-	-	(1.271)
• Depreciation	63.810	26.071	-	-	-	(89.881)
• Revaluation Losses	11.609	11.697	-	-	-	(23.306)
• Investment Property Movement	(1.669)	0.177	-	-	-	1.492
• Assets Held for Sale Movement	8.038	1.451	-	-	-	(9.489)
• Derecognition of Fixed Assets	1.048	6.948	-	-	-	(7.996)
• (Loss)/Gain on Sale of Fixed Assets	6.266	(2.382)	54.964	-	-	(58.848)
	90.373	43.962	54.964	-	-	(189.299)
<b>Capital Financing</b>						
• Revenue Expenditure Funded From Capital Under Statute (REFCUS)	16.511	-	-	-	-	(16.511)
• REFCUS relating to Exceptional Financial Support	7.737	-	-	-	-	(7.737)
• Statutory Minimum Revenue Provision for Capital Financing	(32.252)	-	-	-	-	32.252
• Voluntary Revenue Provision for Capital Financing	-	(2.692)	-	-	-	2.692
• Leasing Adjustments Minimum Revenue Provision	(0.455)	-	-	-	-	0.455
• PFI Minimum Revenue Provision	(12.139)	-	-	-	-	12.139
• Capital Expenditure charged in year to General Fund Balance	(3.473)	(12.616)	-	-	-	16.089
• Transfer to/from Major Repairs Reserve	-	(26.070)	-	(1.237)	-	27.307
• Transfer from usable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	(10.586)	-	10.586	-	-	-
• Use of Capital Receipts Reserve to finance new Capital expenditure	-	-	(18.990)	-	-	18.990
• Use of Capital Receipts Reserve to repay debt	-	-	(17.378)	-	-	17.378
• Capital grants applied in year	(39.886)	(2.235)	-	-	(0.647)	42.768
• Other Items (long term debtors)	-	-	8.948	-	-	(8.948)
	(74.543)	(43.613)	(16.834)	(1.237)	(0.647)	136.874

Continued on the next page

2024/25	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	£m
<b>Other Movements</b>						
• Pension Fund:						
- Net charges made for Retirement Benefits in accordance with IAS19	34.944	-	-	-	-	(34.944)
- Employers contributions payable to the NCC Pension Fund and Retirement Benefits payable direct to pensioners	(50.867)	-	-	-	-	50.867
• Financial Instrument Adjustment Account	1.163	-	-	-	-	(1.163)
• Transfer to/(from) Collection Fund Adjustment Account	(2.194)	-	-	-	-	2.194
	(16.954)	-	-	-	-	16.954
<b>TOTAL ADJUSTMENTS</b>	<b>(1.124)</b>	<b>0.349</b>	<b>38.130</b>	<b>(1.237)</b>	<b>(0.647)</b>	<b>(35.471)</b>

The figures in the above table may not tie back exactly to other notes in the Statement of Accounts due to minor rounding differences in the region of £0.001m.

## Section 4 – Notes to the Financial Statements

2023/24	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	£m
<b>Non Current Assets</b>						
• Amortisation of Intangible Fixed Assets	1.236	-	-	-	-	(1.236)
• Depreciation	61.192	25.130	-	-	-	(86.322)
• Revaluation Losses	1.262	23.504	-	-	-	(24.766)
• Investment Property Movement	19.626	0.083	-	-	-	(19.709)
• Assets Held for Sale Movement	2.407	-	-	-	-	(2.407)
• Derecognition of Fixed Assets	2.072	5.275	-	-	-	(7.347)
• (Loss)/Gain on Sale of Fixed Assets	(1.583)	(2.382)	53.834	-	-	(49.869)
• Charges for Investment Impairment	0.589	-	-	-	-	(0.589)
	86.801	51.610	53.834	-	-	(192.245)
<b>Capital Financing</b>						
• Revenue Expenditure Funded From Capital Under Statute (REFCUS)	6.981	-	-	-	-	(6.981)
• REFCUS relating to Exceptional Financial Support	17.568	-	-	-	-	(17.568)
• Statutory Minimum Revenue Provision for Capital Financing	(27.808)	-	-	-	-	27.808
• Voluntary Revenue Provision for Capital Financing	-	(2.397)	-	-	-	2.397
• Leasing Adjustments Minimum Revenue Provision	(0.002)	-	-	-	-	0.002
• PFI Minimum Revenue Provision	(11.669)	-	-	-	-	11.669
• Capital Expenditure charged in year to General Fund Balance	(0.586)	(11.850)	-	-	-	12.436
• Transfer to/from Major Repairs Reserve	-	(35.001)	-	11.248	-	23.753
• Transfer from usable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	10.586	-	(10.586)	-	-	-
• Use of Capital Receipts Reserve to finance new Capital expenditure	-	-	(40.475)	-	-	40.475
• Use of Capital Receipts Reserve to repay debt	-	-	(27.587)	-	-	27.587
• Capital grants applied in year	(49.686)	(3.292)	-	-	(0.134)	53.112
• Other Items (long term debtors)	-	-	9.065	-	-	(9.065)
	(54.616)	(52.540)	(69.583)	11.248	(0.134)	165.625

Continued on the next page

2023/24	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	£m
<b>Other Movements</b>						
• Pension Fund:						
- Net charges made for Retirement Benefits in accordance with IAS19	61.896	-	-	-	-	(61.896)
- Employers contributions payable to the NCC Pension Fund and Retirement Benefits payable direct to pensioners	(50.047)	-	-	-	-	50.047
• Financial Instrument Adjustment Account	(15.667)	(0.052)	-	-	-	15.719
• Transfer to/(from) Collection Fund Adjustment Account	(4.025)	-	-	-	-	4.025
	(7.843)	(0.052)	-	-	-	7.895
<b>TOTAL ADJUSTMENTS</b>	<b>24.342</b>	<b>(0.982)</b>	<b>(15.749)</b>	<b>11.248</b>	<b>(0.134)</b>	<b>(18.725)</b>

The figures in the above table may not tie back exactly to other notes in the Statement of Accounts due to minor rounding differences in the region of £0.001m.

## Section 4 – Notes to the Financial Statements

### 4.5.2 Post-employment Benefits Transactions

The Council recognises the cost of retirement benefits in the cost of services when they are earned by employees; rather than when the benefits are eventually paid as pensions. The charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the MIRS. The following transactions have been applied to the General Fund Balance via the MIRS during the year:

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	2023/24 £m	2024/25 £m	2023/24 £m	2024/25 £m
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits	(60.755)	(33.859)	(1.141)	(1.085)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	47.866	48.605	-	-
Retirement benefits payable to pensioners	-	-	2.181	2.262

These transactions can be summarised as follows:

	2023/24 £m	2024/25 £m
<b>Movement in Reserves Statement:</b>		
Reversal of Charges made in accordance with the Code	(61.896)	(34.944)
Charges to General Fund made on a funding basis	50.047	50.867
<b>TOTAL</b>	<b>(11.849)</b>	<b>15.923</b>

## 4.6 Cash Flow Statement Notes

### 4.6.1 Non Cash Movements in Surplus/Deficit on the Provision of Services

	2023/24 £m	2024/25 £m
Depreciation	86.911	89.881
Impairment and movement in asset valuations	27.173	32.794
Amortisation	1.235	1.271
Increase/Decrease in Creditors	5.006	(31.906)
Increase/Decrease in Debtors	8.277	2.112
Increase/Decrease in Contract Assets	1.017	7.618
Increase/Decrease in Inventories	0.191	(0.632)
Movement in Pension Liability	11.849	(15.923)
Other non cash adjustment	26.244	(6.119)
Contributions to/(from) Provisions	-	(30.198)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	51.528	66.844
<b>TOTAL</b>	<b>219.431</b>	<b>115.742</b>

### 4.6.2 Investing or Financing Activities in Surplus/Deficit on the Provision of Services

	2023/24 £m	2024/25 £m
Net adjustment from the sale of short and long term investments	2.490	1.990
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(48.146)	(54.964)
Any other items for which the cash effects are investing or financing cash flows	(127.921)	(136.591)
<b>TOTAL</b>	<b>(173.577)</b>	<b>(189.565)</b>

### 4.6.3 Operating Activities

The cash flows for operating activities include the following items:

	2023/24 £m	2024/25 £m
Interest received	17.473	11.899
Interest paid	(41.222)	(33.072)
Dividends received	0.673	1.281
	<b>(23.076)</b>	<b>(19.892)</b>



## Section 4 – Notes to the Financial Statements

### 4.6.4 Investing Activities

	2023/24 £m	2024/25 £m
Purchase of property, plant and equipment, investment property and intangible assets	(107.831)	(70.056)
Purchase of short-term and long-term investments	(75.596)	-
Other payments for investing activities	(90.334)	(133.591)
Proceeds from the sale of short-term and long-term investments	7.643	6.235
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	53.834	54.964
Other receipts from investing activities	210.375	269.561
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1.909)</b>	<b>127.113</b>

### 4.6.5 Financing Activities

	2023/24 £m	2024/25 £m
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(12.033)	(4.639)
Repayments of short and long-term borrowing	(75.119)	(58.924)
Other financing activities - Council Tax and NNDR adjustments	6.591	0.262
Other payments for financing activities	(0.674)	(18.733)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(81.235)</b>	<b>(82.034)</b>

### 4.6.6 Reconciliation of Liabilities Arising from Financing Activities

	1 April 2024 £m	Financing cash outflows (inflows) £m	Other Non-cash changes £m	31 March 2025 £m
Long-term borrowings	(767.693)	56.427	-	(711.266)
Short-term borrowings	(36.779)	2.273	-	(34.506)
Lease liabilities	(1.745)	(2.413)	-	(4.158)
On balance sheet PFI liabilities	(144.485)	(12.552)	-	(157.036)
Other	(1.756)	(0.100)	-	(1.856)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(952.457)</b>	<b>43.635</b>	<b>-</b>	<b>(908.822)</b>

	1 April 2023 £m	Financing cash outflows (inflows) £m	Other Non-cash changes £m	31 March 2024 £m
Long-term borrowings	(843.157)	75.381	0.083	(767.693)
Short-term borrowings	(35.741)	(1.038)	-	(36.779)
Lease liabilities	(1.747)	0.002	-	(1.745)
On balance sheet PFI liabilities	(156.516)	12.720	(0.689)	(144.485)
Other	(1.681)	(0.075)	-	(1.756)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(1,038.842)</b>	<b>86.991</b>	<b>(0.606)</b>	<b>(952.457)</b>

### 4.7 Other Notes

#### 4.7.1 Agency Services

The Council does not have any material agency arrangements.

#### 4.7.2 Jointly Controlled Operations

Nottingham City Council (NCC) runs a joint operation with Leicestershire County Council (LCC) to provide shared transactional finance, human resources and payroll services to both councils under the name of East Midlands Shared Services (EMSS). EMSS operates under a Joint Committee established under section 102 of the Local Government Act 1972. The Joint Committee does not have separate legal personality and so is not a separate entity.

Operations relating to EMSS are carried out at both NCC and LCC premises, with LCC being the employing authority and NCC the host authority. In line with the partnership agreement, the net expenditure is shared between the two authorities by allocating an equal share of the financial benefits (savings) accruing from the operation of EMSS. This has resulted in a share of costs for NCC of 55.52%.

A summary of the income and expenditure of EMSS, and the associated amounts included in NCC's accounts is shown in the following table:

	Total EMSS		Amounts included within NCC Accounts	
	2023/24 £m	2024/25 £m	2023/24 £m	2024/25 £m
<b>Income:</b>				
Direct external income - LCC	(1.098)	(0.428)	-	-
Direct external income - NCC	(0.429)	(0.406)	(0.429)	(0.406)
<b>Total Income</b>	<b>(1.527)</b>	<b>(0.834)</b>	<b>(0.429)</b>	<b>(0.406)</b>
<b>Expenditure:</b>				
Direct costs incurred by LCC	7.132	5.980	-	-
Direct costs incurred by NCC	0.009	0.019	0.009	0.019
<b>Total Expenditure</b>	<b>7.141</b>	<b>5.999</b>	<b>0.009</b>	<b>0.019</b>
<b>NET EXPENDITURE</b>	<b>5.614</b>	<b>5.165</b>	<b>(0.420)</b>	<b>(0.387)</b>

#### 4.7.3 Councillors' Allowances

The Council paid the following amounts to Councillors during the year:

	2023/24 £m	2024/25 £m
Allowances	1.139	1.171
Expenses	0.001	-
<b>TOTAL</b>	<b>1.140</b>	<b>1.171</b>

#### 4.7.4 Officers Remuneration

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

POST HOLDER	Restated 2023/24 £	2024/25 £
<b>Chief Executive - Mel Barrett <sup>1</sup></b>		
- Salary, Fees & Allowances	190,890	68,389
- Pension Contributions	35,315	13,101
	<b>226,205</b>	<b>81,490</b>
<b>Chief Executive - Sajeeda Rose <sup>2</sup></b>		
- Salary, Fees & Allowances	-	130,528
- Pension Contributions	-	24,148
	-	<b>154,676</b>
<b>Corporate Director - People - Catherine Underwood <sup>3</sup></b>		
- Salary, Fees & Allowances	157,320	33,287
- Pension Contributions	26,824	6,872
	<b>184,144</b>	<b>40,159</b>
<b>Corporate Director - Communities Environment and Resident Services - Colin Parr</b>		
- Salary, Fees & Allowances	103,376	155,800
- Pension Contributions	19,125	28,823
	<b>122,501</b>	<b>184,623</b>
<b>Corporate Director - Growth and City Development - Sajeeda Rose <sup>4</sup></b>		
- Salary, Fees & Allowances	157,320	52,440
- Pension Contributions	29,104	9,701
	<b>186,424</b>	<b>62,141</b>
<b>Corporate Director - Growth and City Development <sup>5</sup></b>		
- Salary, Fees & Allowances	-	91,538
- Pension Contributions	-	16,935
	-	<b>108,473</b>
<b>Corporate Director - Adult Social Care and Health - Vicky Murphy <sup>6</sup></b>		
- Salary, Fees & Allowances	-	67,189
- Pension Contributions	-	12,430
	-	<b>79,619</b>
<b>Corporate Director - Children &amp; Education Services - Jill Colbert <sup>7</sup></b>		
- Salary, Fees & Allowances	-	45,307
- Pension Contributions	-	8,382
	-	<b>53,689</b>
<b>Corporate Director - Finance and Resources - Ross Brown <sup>8</sup></b>		
- Salary, Fees & Allowances	157,320	95,830
- Pension Contributions	29,104	17,402
- Compensation for Loss of Office	-	43,414
	<b>186,424</b>	<b>156,646</b>
<b>Director - Policy, Performance &amp; Communications (Asst Chief Exec) <sup>9</sup></b>		
- Salary, Fees & Allowances	-	39,607
- Pension Contributions	-	7,849
	-	<b>47,456</b>
<b>Director for Legal and Governance and Monitoring Officer <sup>10</sup></b>		
- Salary, Fees & Allowances	119,651	20,600
- Pension Contributions	22,960	1,765
	<b>142,611</b>	<b>22,365</b>
<b>Director for Legal and Governance and Monitoring Officer <sup>11</sup></b>		
- Salary, Fees & Allowances	-	99,281
- Pension Contributions	-	18,367
	-	<b>117,648</b>
<b>Director of Public Health</b>		
- Salary, Fees & Allowances	119,651	122,642
- Pension Contributions	22,135	22,689
	<b>141,786</b>	<b>145,331</b>
<b>HM Coroner - Mairin Casey <sup>12</sup></b>		
- Salary, Fees & Allowances	165,437	167,911
- Pension Contributions	30,606	31,064
	<b>196,043</b>	<b>198,975</b>

## Section 4 – Notes to the Financial Statements

### Notes to table:

1. Post holder left August 24
2. New post holder from August 24
3. Post holder left June 24
4. Post held until July 24, postholder became Chief Executive in August 24
5. New post holder from August 24 on interim basis
6. New post holder from November 24
7. New post holder from September 24, left December 24
8. Post holder left October 24
9. New post holder from June 24, left October 24
10. Post holder left April 24
11. New post holder from April 24 on interim basis, made permanent in March 25
12. The role of His Majesty's Coroner for Nottingham & Nottinghamshire is shared equally between Nottingham City Council and Nottinghamshire County Council. The amount shown in the table is 100% as Nottingham City Council is the employing body.

### Fees Paid to individuals engaged on an interim basis

Interim Corporate Director of Finance & Resources and Section 151 Officer from November 24 to March 25 at a cost to the Council of £119,942. This represents the cost of securing the individual's services via an agency, not the amount the individual will have received, which will have been lower.

2023/24 was restated to include the HM Coronor details.

A total of 677 employees (excluding senior employees) received remuneration of more than £0.050m, of which 122 are employed directly by schools. The figures do not include staff employed by academy schools as they are not Council employees:

Remuneration Banding £	Number of Employees	
	2023/24	2024/25
50,000 - 54,999	222	280
55,000 - 59,999	155	196
60,000 - 64,999	54	58
65,000 - 69,999	31	41
70,000 - 74,999	13	17
75,000 - 79,999	34	34
80,000 - 84,999	9	8
85,000 - 89,999	14	14
90,000 - 94,999	5	13
95,000 - 99,999	4	3
100,000 - 104,999	4	1
105,000 - 109,999	1	4
110,000 - 114,999	1	2
115,000 - 119,999	1	2
120,000 - 124,999	-	2
125,000 - 129,999	1	2
<b>TOTAL</b>	<b>549</b>	<b>677</b>
<b>GRAND TOTAL</b>	<b>549</b>	<b>677</b>

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

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Voluntary Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
									£	£
Up to £20,000	3	9	1	43	2	-	6	52	43,149	459,662
£20,001 to £40,000	1	2	6	21	-	2	7	25	188,598	726,279
£40,001 to £60,000	1	-	-	6	1	2	2	8	101,221	372,007
£60,001 to £80,000	2	-	-	6	-	-	2	6	140,042	389,334
£80,001 to £100,000	-	-	-	4	-	-	-	4	-	369,862
£100,001 to £150,000	2	-	1	4	-	-	3	4	371,262	464,101
£250,001 to £300,000	-	-	-	1	-	-	-	1	-	252,189
<b>TOTAL</b>	<b>9</b>	<b>11</b>	<b>8</b>	<b>85</b>	<b>3</b>	<b>4</b>	<b>20</b>	<b>100</b>	<b>844,272</b>	<b>3,033,434</b>

#### 4.7.5 External Audit Costs

Fees payable for the audit of the Statement of Accounts and other services provided by the external auditors Grant Thornton UK LLP:

	Restated 2023/24 £m	2024/25 £m
Statutory audit	0.160	0.645
Fees payable in respect of other services provided by the external auditors during the year	0.010	0.010
<b>TOTAL</b>	<b>0.170</b>	<b>0.655</b>

PSAA set a scale fee for the 2023/24 audit of £0.604m. However, these fees have been revised due to the statutory backstop dates being introduced to reduce the backlog of local government audits. Therefore, the 2023/24 audit fee figures have been restated in the table above to reflect the revised fees.

## Section 4 – Notes to the Financial Statements

### 4.7.6 Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by DSG provided by the Department for Education. This is a ring-fenced grant and can only be applied to meet expenditure properly included in the School's Budget, as defined in the Schools and Early Years Finance (England) Regulations 2025. The School's Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2024/25 are as follows:

Notes	Central Expenditure £m	ISB £m	Total £m
A Final DSG for 2024/25 before academy and high needs recoupment			<b>374.262</b>
B Academy and high needs figure recouped for 2024/25			<b>224.780</b>
C Total DSG after academy and high needs recoupment for 2024/25			<b>149.482</b>
D Plus: Brought forward from 2023/24			<b>20.307</b>
E Less: Carry forward to 2025/26 agreed in advance			-
F Agreed initial budgeted distribution in 2024/25	79.942	89.847	<b>169.789</b>
G In year Adjustments		0.195	<b>0.195</b>
H Final Budget Distribution for 2024/25	79.942	90.042	<b>169.984</b>
I Less: Actual central expenditure	63.907		<b>63.907</b>
J Less: Actual ISB deployed to schools		90.042	<b>90.042</b>
K Plus Local Authority contribution 2024/25	-	-	-
L In year carry-forward to 2025/26	16.035	0.000	<b>16.035</b>
M Plus/Minus: Carry-forward to 2025/26 agreed in advance			-
N Carry-forward to 2025/26			<b>16.035</b>
O DSG unusable reserve at the end of 2023/24			-
P Addition to DSG unusable reserve at the end of 2024/25			-
Q Total of DSG unusable reserve at the end of 2024/25			-
R Net DSG position at the end of 2024/25			<b>16.035</b>

Notes to DSG:

- A Final DSG figure before any amount has been recouped from the authority as published March 2025.
- B Figure recouped from the authority in 2024/25 by the DfE for the conversion of maintained schools into academies and for high needs payments made by ESFA.
- C Total DSG figure after academy and high needs recoupment for 2024/25, as published March 2025.
- D Figure brought forward from 2023/24.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2025/26 rather than distribute in 2024/25.
- F Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum.
- G Changes to the initial distribution.



- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2024/25.
- J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).
- K Any contribution from the local authority in 2024/25 which will have the effect of substituting for DSG in funding the Schools Budget.
- L In-year position at end of 2024/25, i.e.:
- For central expenditure, difference between final budgeted distribution of DSG (item H) and actual expenditure (item I), plus any local authority contribution (item K).
  - For ISB, difference between final budgeted distribution (item H) and amount actually deployed to schools (item J), plus any local authority contribution (item K).
- M Plus/minus any carry-forward to 2025/26 already agreed.
- N Total carry-forward on central expenditure (item L) plus carry-forward on ISB (item L) plus/minus any carry-forward to 2025/26 already agreed (item E).
- O DSG unusable reserve at end of 2023/24 (if any) – any amount placed in the unusable reserve at the end of 2020/21, 2021/22, 2022/23 or 2023/24 in accordance with the MHCLG amending regulations.
- P Any addition to DSG unusable reserve in 2024/25 as a result of an in-year deficit in 2024/25.
- Q Total of DSG unusable reserve at end of 2024/25; this is the total of O and P.
- R Net DSG position at the end of 2024/25; this is a memorandum item designed to show the overall position on DSG. It is calculated by taking the figure (if any) at N and deducting the figure (if any) at Q, and will therefore show any net deficit that the local authority would have if the unusable reserve were not held separately.

The final DSG for 2024 to 2025 before the academy recoupment figure includes a provision for the early years block. This figure is derived from the pupil numbers as at January 2023. The final allocations will be based on 5/12ths x January 2024 pupil numbers and 7/12ths x January 2025 pupil numbers. The final DSG adjustment will be actioned in July 2025. The final allocation for the 2024 to 2025 early years block will be treated as an 'in year adjustment' for 2025 to 2026.

## Section 4 – Notes to the Financial Statements

### 4.7.7 Related Parties

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

#### Central Government

Central government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority 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). Grants received from government departments are set out in the CIES note 4.3.5. Capital grants and Revenue grants received in advance as at 31 March 2025 are shown in note 4.4.13.

#### Councillors/Officers

Councillors have direct control over financial and operating policies. The total of Councillors' allowances paid in 2024/25 is shown in the Councillors' allowances note 4.7.3.

During 2024/25 payments, receipts and balances outstanding for works and services to other organisations (the majority being transactions with the Council's subsidiaries) in which Councillors or relevant officers had an interest were as follows:

	2023/24 £m	2024/25 £m
Payments	40.395	26.321
Receivables	(23.252)	(3.961)
Debtors	20.524	1.537
Creditors	(4.485)	(4.557)

Details of transactions are recorded in the Register of Members' Interest, which is open to public inspection during office hours.

#### Other Public Bodies

The Council has pooled budget arrangements with Integrated Community Equipment and Loan Services (ICELS), Better Care Fund, and the Children's and Adult's Safeguarding Board. There were no significant transactions with ICELS and the Children's and Adult's Safeguarding Board in 2024/25. Transactions for the Better Care Fund are detailed in note 4.7.8.

The Council paid £0.083m in 2024/25 (£0.081m 2023/24) to the Environment Agency for flood defence.

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

The following are significant related-party transactions with the Council's subsidiary and associated companies.

	2023/24		2024/25	
	Payments	Receipts	Payments	Receipts
	£m	£m	£m	£m
Futures Advice, Skills and Employment Ltd	1.730	(0.038)	1.554	(0.024)
Inspired Spaces	9.481	-	9.494	-
Nottingham City Homes (NCH) Ltd	0.334	(10.937)	0.340	(9.769)
Nottingham City Transport	12.378	(0.386)	13.327	(0.647)
Nottingham Revenues & Benefits Ltd	0.119	(1.759)	0.103	-
Other Related Parties	2.868	(4.778)	3.961	(3.236)

	2023/24		2024/25	
	Debtors	Creditors	Debtors	Creditors
	£m	£m	£m	£m
Futures Advice, Skills and Employment Ltd	-	(0.095)	-	(0.114)
Nottingham City Homes (NCH) Ltd	45.005	(2.164)	40.248	(1.466)
Nottingham City Transport	-	(0.027)	-	(0.019)
Nottingham Revenues and Benefits Ltd	1.156	(2.101)	1.156	(2.204)
Robin Hood Energy Ltd	37.451	-	-	-
Other Related Parties	11.891	(3.776)	11.688	(3.399)

#### 4.7.8 Pooled Budgets

The Better Care Fund was established by the Government to provide funds to local areas to support the integration of health and social care and to seek to achieve the National Conditions and Local Objectives. It is a requirement of the Better Care Fund (BCF) that the Integrated Care Board (ICB) and the Council establish a pooled fund for this purpose. Section 75 of the NHS Act 2006 allows partners (NHS bodies and councils) to contribute to a common fund which can be used to commission health or social care related services. This power allows a local authority to commission health services and NHS commissioners to commission social care. It enables joint commissioning and commissioning of integrated services. These details relating to Better Care Fund, both pooled and non-pooled budgets are set out in a Section 75 Agreement. The operation of the pooled fund is subject to the Council's obligations for Best Value and the ICB Statutory Duties compliance and clinical governance obligations. The partners have agreed a Lead Commissioner arrangement to commission scheme services within the pooled funds and the Council as Lead Commissioner is therefore the Host responsible for effective and efficient management of the pooled fund.

Pooled budgets are not legal entities, they are simply a pooling of funding. The BCF is hosted by the Council. The transactions of the BCF are not included in the Council's core financial statements.

Overall strategic responsibility, including both financial governance for the BCF pooled fund, and performance monitoring and reporting arrangements, is with the Health and Wellbeing Board.

The aim of the BCF is to incentivise the NHS and local government to work more closely together around people, placing their wellbeing as the focus of health and care services, and shifting resources into social care and community services for the benefit

## Section 4 – Notes to the Financial Statements

of the people, communities and health and care systems. Funding and expenditure in connection with the BCF was as follows:

	2024/25 £m
<b><u>Funding</u></b>	
Balance brought forward	-
NHS Nottingham and Nottinghamshire ICB (Minimum Contribution)	(30.736)
NHS Nottingham and Nottinghamshire ICB (Discharge Funding)	(3.583)
Nottingham City Council (Discharge Funding)	(3.879)
Nottingham City Council (Capital - Disabled Facilities Grant)	(3.435)
Nottingham City Council (Improved Better Care Fund)	(16.603)
<b>Total Funding</b>	<b>(58.236)</b>
<b><u>Expenditure</u></b>	
Access & Navigation	1.609
Integrated Care	21.767
Facilitating Discharge	3.043
Primary Care	3.174
Assistive Technology	0.352
Carers	0.714
Capital - Disabled Facilities Grant	2.621
Discharge Programme	6.558
Improved Better Care Fund	16.603
TOCH - Transfer of Care Hub	0.390
Housing Health - Housing Related Schemes	0.077
P1 NWB - Non Weight Bearing Pathway	0.261
UCCH - Urgent Care Co-ordination Hub	0.209
DISCO - Discharge Support Co-ordinators	0.044
<b>Total Expenditure</b>	<b>57.422</b>
<b>BALANCE OF POOLED FUND</b>	<b>(0.814)</b>

#### 4.7.9 Road Charging Schemes under the Transport Act 2000

The Council introduced the workplace parking levy on 1 April 2012 charged under section 178-190 of the Transport Act 2000 (the Act). As per section 180 and 181 of the Act, all monies which are raised by the levy are to be re-invested in the City Councils Transport Plan. The figures for the year ending 31 March 2025 are as follows:

	2023/24 £m	2024/25 £m
Income	(10.319)	(10.956)
Expenditure	0.554	0.618
<b>NET INCOME</b>	<b>(9.765)</b>	<b>(10.338)</b>

#### 4.7.10 Leases

##### Council as Lessee

##### Finance Leases

##### Initial application of IFRS 16 1 April 2024

IFRS 16 as adapted and interpreted for the public sector by CIPFA has been applied to leases in these financial statements with an initial application date of 1 April 2024.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Council on initial application are detailed in the leases accounting policy note.4.1.3.1

Lease liabilities created for existing operating leases on 1 April 2024 were discounted using the average incremental borrowing rate determined at 1 April 2024.

Reconciliation of operating lease commitments as at 31 March 2024 to lease liabilities under IFRS 16 as at 1 April 2024		1 April 2024 £m
<b>Operating lease commitments under IAS 17 as 31 March 2024</b>		<b>7.739</b>
<b>Less:</b>		
Less: short term leases (including those with <12 months at application date)		<b>(7.121)</b>
Commitments for leases of low value assets		-
Incremental borrowing rate at 1 April 2024		5.2%
<b>IAS 17 operating lease commitment discounted at incremental borrowing rate</b>		<b>0.604</b>
Add : leases previously excluded from operating leases disclosure		<b>2.265</b>
<b>Lease recognised as 1 April</b>		<b>2.869</b>

##### Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the Comprehensive Income and Expenditure position. A breakdown of borrowings is disclosed in the following table:

## Section 4 – Notes to the Financial Statements

	2024/25
	£m
<b>Carrying value at 31 March 2024</b>	<b>1.744</b>
IFRS 16 implementation- adjustments for existing operating leases:	
Lease additions	2.869
interest charge arising in year	0.295
Lease payments (outflows)	(0.750)
<b>Carrying value at 31 March 2025</b>	<b>4.158</b>

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

Cash outflows in respect of leases recognised on CIES are disclosed in the following reconciliation.

31 March 2024 £m IAS 17	Maturity analysis of future lease payments at:	31 March 2025 £m IFRS16
	Undiscounted future lease payments payable in :	
	0.002 - not later than one year	0.556
	1.742 - later than one year and not later than five years;	1.502
	6.859 - later than five years	9.932
	<b>8.603 Total gross future lease payments</b>	<b>11.990</b>
	6.859 Finance charges allocated to future periods	7.832
	<b>1.744 Net lease liabilities at 31 March</b>	<b>4.158</b>

The following note discloses costs incurred in 2023/24 and Commitments as at 31 March 2024 for leases the Council previously determined to be operating leases under IAS 17:

Commitments in respect of operating leases at 31 March 2024 (IAS 17 basis)	
	2023/24 £m
<b>Operating lease expense</b>	
Minimum lease payments	0.719
<b>Total</b>	<b>0.719</b>
<b>Future minimum lease payments due:</b>	
- not later than one year	0.437
- later than one year and not later than five years;	0.451
- later than five years	6.852
<b>Total</b>	<b>7.740</b>

## Council as Lessor

### Finance Leases

As a lessor, the Council has an investment in finance leases. This is made up of the minimum lease payments expected to be received over the remaining term, together with the residual value anticipated for the property at the end of the lease. The minimum lease payments comprise the settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years. The gross investment is made up of the following amounts for all finance leases:

	31 March 2024 £m	31 March 2025 £m
Long term finance lease debtor*	1.022	1.022
Finance income receivable in future years	10.835	10.773
Anticipated residual value of property	4.553	9.488
<b>GROSS INVESTMENT IN THE LEASE</b>	<b>16.410</b>	<b>21.283</b>

\* Net present value of minimum lease payments

The finance income which the Council will receive in future years is significant when compared to the lease debtors. This is because a number of assets are being leased for a period of 999 years which means the majority of current payments are for the interest element of the debtor.

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2024 £m	31 March 2025 £m	31 March 2024 £m	31 March 2025 £m
Not later than one year	0.061	0.061	0.061	0.061
Between one and five years	0.245	0.245	0.244	0.244
Later than five years	11.556	11.495	10.530	10.468
<b>TOTAL</b>	<b>11.862</b>	<b>11.801</b>	<b>10.835</b>	<b>10.773</b>

The Council has committed to leasing out a number of assets on long term leases. This is evidenced with the high value of minimum lease payments which will be received in the period later than five years.

The Council has not set aside an allowance for uncollectable amounts on the above finance leases.

### Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- The provision of community services, such as sports facilities, tourism services and community centres.



## Section 4 – Notes to the Financial Statements

- Economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases are:

	31 March 2024 £m	31 March 2025 £m
Not later than one year	22.169	18.674
Between one and five years	50.661	35.032
Later than five years	183.879	110.917
<b>TOTAL</b>	<b>256.709</b>	<b>164.623</b>

### Contingent Rents

The minimum lease payments identified in the tables above do not include rents that are contingent on events taking place after the lease was entered into, such as:

- The level of sales achieved by the tenant.
- Rate of inflation.
- Usage.

For operating leases where the Council is lessor there were no contingent rents receivable by the Authority in 2024/25 of £0.235m. There were no contingent rents for any of the other types of lease arrangement.

### 4.7.11 Capital Expenditure and Capital Financing

Capital expenditure relates to the acquisition of new assets and the development of existing assets, which will be of benefit to the Council for more than one year. Expenditure by service over the last two years has been as follows:

	2023/24 £m	2024/25
Planning and Housing	48.736	52.227
Jobs, Growth and Transport	47.943	53.412
Strategic Regeneration	5.536	11.037
Other	104.467	82.948
<b>Capital Expenditure</b>	<b>206.682</b>	<b>199.624</b>
REFCUS Assets within PFI Contracts	0.641	11.590
Assets acquired under PFI Contracts	1.158	21.154
<b>CUMULATIVE ASSET ADDITIONS</b>	<b>208.481</b>	<b>232.368</b>

The capital programme is actively managed throughout the year in line with agreed approvals and changes in funding.

The treatment of capital expenditure and financing generates some of the main differences between the funding basis and IFRS basis. The capital focus of the funding basis is to ensure that sufficient cash is raised to finance capital expenditure. The major differences are:

- Certain items of revenue expenditure which can be treated as capital under statute under the funding basis.
- Items of capital expenditure which are financed by a charge to revenue.
- Capital grants which are used to finance capital expenditure rather than being credited to revenue.
- Making a revenue provision for repayment of borrowing (replacing depreciation) based on a calculation of the net capital financing requirement.

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and Public Finance Initiative (PFI) contracts), together with the resources that have been used to finance it:

	2023/24 £m	2024/25 £m
<b>Capital Investment on IFRS Basis</b>		
Property, Plant and Equipment	106.058	92.315
Heritage Assets	0.006	0.084
Intangible Assets	0.551	0.096
Long Term Investments	1.216	-
<b>Total Additions to Assets on IFRS Basis</b>	<b>107.831</b>	<b>92.496</b>
Revenue Expenditure Funded from Capital under Statute (REFCUS)	81.283	99.392
REFCUS - Exceptional Financial Support (EFS)	17.568	7.737
<b>Total Expenditure to be Financed from Capital Sources</b>	<b>206.682</b>	<b>199.624</b>
<b>Financing</b>		
Capital receipts	(22.907)	(11.254)
Capital receipts used to finance EFS	(17.568)	(7.737)
Government grants and other contributions	(128.057)	(137.238)
Sums set aside from revenue	(36.190)	(43.396)
<b>UNDERLYING BORROWING REQUIREMENT IN YEAR</b>	<b>1.960</b>	<b>0.000</b>

#### 4.7.12 Capital Financing Requirement (CFR)

The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be repaid. The CFR is also used to calculate the statutory minimum charge for debt repayment known as the Minimum Revenue Provision.

Where capital expenditure is financed by borrowing, the expenditure results in an increase in the CFR. Further adjustments are made to include assets acquired under PFI contracts included in the Balance Sheet, and provisions for debt repayment included in the funding basis in the following table:

## Section 4 – Notes to the Financial Statements

	2023/24 £m	2024/25 £m
<b>Opening Capital Financing Requirement</b>	<b>1,314.901</b>	<b>1,247.400</b>
Increase in underlying need to borrow:		
Unsupported by government financial assistance	1.960	-
Statutory Minimum Revenue Provision	(27.808)	(32.252)
Voluntary Revenue Provision	(2.397)	(2.692)
Voluntarily Set Aside Capital Receipts	(27.587)	(17.378)
Assets acquired under finance leases	-	2.869
Assets acquired under PFI/PPP contracts	-	29.875
Net PFI & lease Liability Discharged	(11.669)	(12.594)
<b>CLOSING CAPITAL FINANCING REQUIREMENT</b>	<b>1,247.400</b>	<b>1,215.228</b>

### 4.7.13 Private Finance Initiatives and Similar Contracts

The Council has four PFI arrangements which have been recognised on the Council's Balance Sheet:

#### **NET**

The Council reached financial close on NET Phase Two in December 2011. This PFI arrangement was to incorporate an additional two tram lines within the City's current tram network. The additional two tram lines became operational August 2015.

The concession agreement runs from 15 December 2011 to 20 March 2034. At the end of the contract the title to the property transfers to the Council (or a continuing concessionaire) at nil cost with the assets in a satisfactory condition for its continued operational use.

#### **Building Schools for the Future (BSF)**

The Council received handover of two PFI schools, Big Wood Phase 1 / Oak Field in 2009/10, Big Wood Phase 2 in 2010/11. The contract for these PFI schools will end in 2034.

A further PFI school, Farnborough School was handed over in 2013/14, the land element being recognised as an operational asset in 2014/15. The PFI contract for Farnborough School expires August 2038.

Upon expiry of the contract terms, all assets under this programme will be passed back to the City Council.

#### **Local Improvement Finance Trust (LIFT) Joint Service Centres**

The Council has completed two new Joint Service Centres located in Hyson Green and Bulwell and have been procured using the LIFT vehicle in partnership with NHS Nottingham City. The PFI contract which the Council has is with Community Health Partnership who manage the PFI, while NHS Nottingham City Clinical Commissioning Group manage which NHS service is provided from the joint service centre. The Council has recognised its share of occupancy of both sites on the Balance Sheet.

The contract expiry and the asset treatment are as follows:

- Mary Potter Centre (Hyson Green), contract expires October 2032. The Council does not have an option to purchase the asset when the contract expires.
- Bulwell Riverside (Bulwell), contract expires October 2036 at which time the Council has an option to purchase the asset.

### Street Lighting Contract

In May 2010 the Council entered into a PFI arrangement for Street Lighting. The first five years of the contract provided for the replacement of outdated lighting columns, together with modifications to other columns that have an acceptable residual life. The contract also allows for adjustments and operation and maintenance of the street lighting network.

The contract expires August 2035 when the assets will revert back to the City Council at nil cost.

### Future Contractual Payments

The next table shows the Council's future contractual payments. The future Service Charge payments are estimated using the Service Charge payments incurred during 2024/25, which are then inflated using the inflation rate implicit with each PFI arrangement:

	2025/26	2026/27 - 2029/30	2030/31 - 2034/35	2035/36 - 2039/40	Total
	£m	£m	£m	£m	£m
<b>NET</b>					
Repayment of Liability	8.295	25.558	29.711	-	<b>63.564</b>
Interest Charges	7.391	20.933	6.429	-	<b>34.753</b>
Service Charges	24.445	114.038	123.246	-	<b>261.729</b>
<b>NET Unitary Charge</b>	<b>40.131</b>	<b>160.529</b>	<b>159.386</b>	<b>-</b>	<b>360.046</b>
<b>BSF</b>					
Repayment of Liability	3.266	14.618	22.064	5.630	<b>45.578</b>
Interest Charges	3.456	11.142	6.524	0.865	<b>21.987</b>
Service Charges	3.011	13.171	16.253	4.316	<b>36.751</b>
<b>BSF Unitary Charge</b>	<b>9.733</b>	<b>38.931</b>	<b>44.841</b>	<b>10.811</b>	<b>104.316</b>
<b>LIFT</b>					
Repayment of Liability	1.206	5.530	7.966	1.525	<b>16.227</b>
Interest Charges	1.398	4.537	2.818	0.152	<b>8.905</b>
Service Charges	1.169	5.027	5.228	0.670	<b>12.094</b>
<b>LIFT Unitary Charge</b>	<b>3.773</b>	<b>15.094</b>	<b>16.012</b>	<b>2.347</b>	<b>37.226</b>
<b>Street Lighting</b>					
Repayment of Liability	2.660	13.592	15.661	2.590	<b>34.503</b>
Interest Charges	3.751	11.781	7.503	0.094	<b>23.129</b>
Service Charges	1.928	7.986	18.536	0.798	<b>29.248</b>
<b>Street Lighting Unitary Charge</b>	<b>8.339</b>	<b>33.359</b>	<b>41.700</b>	<b>3.482</b>	<b>86.880</b>
<b>TOTAL CHARGES</b>	<b>61.976</b>	<b>247.913</b>	<b>261.939</b>	<b>16.640</b>	<b>588.468</b>

## Section 4 – Notes to the Financial Statements

### Liabilities resulting from PFI arrangements

The following table shows the value of liabilities resulting from PFI arrangements and the in year movements.

	2023/24			2024/25		
	Total £m	BSF £m	NET £m	LIFT £m	Street Lighting £m	Total £m
Opening balance at 1 April	156.516	36.798	68.084	9.760	29.843	144.485
IFRS 16 Restatement	-	10.377	3.584	6.888	6.123	26.972
Restated Opening Balance	156.516	47.175	71.668	16.648	35.966	171.457
Increase in Liability	-	1.213	-	0.754	0.937	2.904
Repayment of Liability	(12.031)	(2.811)	(8.104)	(1.174)	(2.400)	(14.489)
CLOSING BALANCE AT 31 MARCH	144.485	45.577	63.564	16.228	34.503	159.872

#### 4.7.14 Trust Funds

The Council acts as sole trustee for a number of trust funds. The funds do not represent assets of the Council and, therefore, have not been included in the Council's single entity accounts. However, as the Council acts as sole trustee for the Bridge Estate Trust their accounts are consolidated into the Council's group accounts (section 6). The Bridge Estate Trust holds net assets of £26.278m (£37.058m at 31 March 2024) with a turnover of £1.668m (£1.750m 2023/24), primarily from the rental of investment properties. The Trust was established for the repair and maintenance of Trent Bridge and the construction of new bridges over the River Trent.

The Council is also sole trustee for a number of other Trusts whose net assets total £3.567m (£3.507m as at 31 March 2024) with a turnover of £0.442m (£0.445m 2023/24). These Trusts are not consolidated into the Council's group accounts on the basis of materiality. They include:

- Harvey Hadden Stadium and Highfields Leisure Park, for the provision of public recreation and pleasure grounds.
- Hanley and Gellestroe, which provides 9 almshouses to accommodate the poor.
- Nottingham Aged Persons Trust, George Pendry's Fund which provide benefit for the poor and elderly.
- Abbott Brown Fund, established to enable a doctor from Ljubljana Hospital to study medicine in the United Kingdom.

#### 4.7.15 Contingent Liabilities

At 31 March 2025, the Council has the following contingent liability that could exceed a materiality level of £5m:

##### Insurance Claims

A contingent liability exists for insurance claims that pre-date the coverage provided by the Insurance Provision. There are some claims that will be submitted dating back to the 1950/1960's and will be high value complex claims where insurers cannot be traced, usually claims arising from historic child abuse and disease claims. Should no insurer be traced, or an insurer refuses an indemnity, the costs would have to be met from the provision.

In addition there will be a number of incidents that have been incurred but not yet reported (IBNR) as claims. These IBNR's may need to be self-funded if they fall outside the scope of insurance cover, fall within current or historic excess levels, or be in periods where insurers are untraceable. The severity, value and number of IBNR cases are unknown.

### 4.7.16 Nature and Extent of Risks arising from Financial Instruments

The Council's activities potentially bring exposure to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet commitments to make payments.
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that the Council could incur financial loss as a result of changes, for example, in interest rates or equity prices.

#### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These must comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

Overall, the procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice.
- By approving, annually in advance, prudential indicators for the following three years which limit:
  - The Council's overall borrowing.
  - Its maximum exposure to fixed and variable rates.
  - Its maximum and minimum exposure in the maturity structure of its debt.
  - Its maximum annual exposure to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties, in compliance with the Government Guidance.

These procedures are required to be reported and approved at a meeting of the Council, which also sets the annual Budget and Council Tax. The procedures are included within an annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported twice per year to Councillors.

The Council maintains written principles for overall risk management as well as written policies covering specific areas such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices. This framework is a requirement of the Code and is regularly reviewed.



### Credit Risk

Credit risk arises from the Council's financial investments with banks and other financial institutions, as well as credit exposures to non-financial investments such as loans to third party organisations and credit exposures to the Council's customers. The credit risk exposure on financial investments is minimised through the principles set out in the Annual Investment Strategy. These state that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long term credit rating, the UK government and other local authorities. Recognising that credit ratings are imperfect predictors of default, the Council takes other factors into account including credit default swap and equity prices when selecting commercial entities for investment.

The Annual Investment Strategy sets a limit on the amount to be invested with a financial institution located within each category.

The adopted credit criteria in respect of financial assets held by the Council in 2024/25 are:

- Minimum credit ratings – a minimum long-term credit rating of A- (or equivalent) except for UK local authorities.
- Individual cash limits on unsecured investments – a limit of £20m per eligible counterparty except the UK Central Government.
- Group limits – where more than one bank on the counterparty list is included within a banking group (e.g. Bank of Scotland and Lloyds Bank), individual limits will also apply to the group as a whole.
- Country limits – other than UK institutions, a total investment limit for all counterparties in a particular country. No more than £40m will be placed with any one country.
- Money Market Funds – individual cash limit of £30m with any one fund and an overall limit of £120m for all Money Market Funds.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £351.1m at 31 March 2025 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, and balances held for liquidity reasons since the outbreak of COVID-19 have remained higher than in recent years. As at 31 March 2025 the council's investments are deposited with either other local authorities, short term notice accounts, the UK government or highly liquid and diverse money market funds so should the economic uncertainty on banks and other financial institutions develop the council's deposits with exposure to increased credit risk exposure can be recalled to reduce the likelihood of investment losses to crystallise. Deposits with other local authorities are judged to remain as low risk due to the legal framework around local authorities.

### Credit Risk Exposure

The following table summarises the value of the Council's financial investment portfolio and the exposure to non-financial investments and debtors at 31 March 2025. This confirms that all financial investments were made in line with the approved credit rating criteria:



Credit Rating	Credit Rating	Gross Carrying Amount £m
12-month expected credit losses	AAA	101.20
	AA	39.90
	A	209.75
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	85.61
Significant increase in credit risk since initial recognition	AAA	
	AA	
	A	
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	1.22
Credit impaired	AAA	
	AA	
	A	
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	
Simplified approach*	AAA	
	AA	
	A	
	BBB	
	Unrated other	56.83

\* For debtors, contract assets and lease receivables, but excludes statutory debtors for example Council Tax and NNDR

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

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

Where the Council does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis it has assessed losses on a collective basis based on local experience.

### Amounts Arising from Expected Credit Losses

From the above credit risk exposures, the expected loss allowance as at 31 March 2025 was £9.017m for loans to third parties using the Lifetime Expected Credit Loss assessment.

## Section 4 – Notes to the Financial Statements

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### **Collateral**

The Council initiates a legal charge on property or company assets, for instance, as part of a loan agreement. The total collateral at 31 March 2025 was £54.478m.

### **Liquidity Risk**

The Council has ready access to borrowings from the Money Markets and other local authorities to cover day to day cash flow need. Whilst PWLB provides access to longer term funds, it also acts as a lender of last resort to Councils (although it will not provide funding to a Council whose capital plans include debt for yield schemes or whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Although COVID-19 poses significant budget challenges the Council anticipates being able to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures as required by the Code of Practice.

The Council's deposits with financial institutions such as banks, money market funds and deposits with other local authorities and the DMO total £351.146m at 31 March 2025. There were £9.896m of deposits with the DMO with maturity dates of less than 12 months.

The council continues to use highly liquid investments including same day access money market funds as part of the Council's liquidity risk mitigation. At 31 March 2025 the council balances of £101.500m across 3 money market funds. These funds are highly diversified and highly liquid with credit ratings equivalent to AAAM so were judged to have minimal credit risk.

### **Refinancing and Maturity Risk**

The Council maintains a significant debt and investment portfolio. The risk in managing exposure when replacing financial instruments as they mature is that they may be refinanced at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that the approved prudential indicator limits the Council's borrowing that is due to mature in any given period.

The Council approved Treasury and Investment Strategies address the main risks and the central treasury team addresses the operational risks within these approved parameters. Measures include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- Monitoring the maturity profile of investments to ensure that sufficient liquidity is available for the Council's day-to-day cash flow needs.

The maturity analysis of the principal element of financial liabilities at 31 March 2025 is:

	31 March 2024 £m	31 March 2025 £m
Less than 1 year	37.428	35.759
1 to 2 years	19.411	7.872
2 to 5 years	41.309	9.895
5 to 10 years	123.955	160.870
10 – 25 years	42.010	41.052
25 – 40 years	340.672	350.764
40 – 70 years	199.520	140.000
<b>TOTAL</b>	<b>804.305</b>	<b>746.212</b>

All trade and other creditors are payable in less than one year and are not shown in the above table.

### Interest Rate Risk

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

- Borrowings at variable rates or short term borrowings – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the borrowings will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments classed as financial assets measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the prudential indicators and expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Market and forecast interest rates are monitored within the year, to adjust exposures appropriately.

The 2024/25 strategy allowed for a maximum exposure to variable interest rates of £200m.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher, with all other variables held constant, the financial effect would be:

## Section 4 – Notes to the Financial Statements

	31 March 2025 £m
Increase in interest payable on variable rate borrowings	0.260
Increase in interest receivable on variable rate investments	(0.002)
Impact on Surplus or Deficit on the Provision of Services	0.258
Share of overall impact debited to the HRA	0.063
<b>IMPACT ON OTHER COMPREHENSIVE INCOME AND EXPENDITURE</b>	<b>0.320</b>

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

### Price Risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £14.224m in a number of joint ventures and in local industry, as at 31 March 2025. These holdings are generally illiquid and are shown in the balance sheet at cost less impairment. The main equity holdings are in Nottingham City Transport Ltd and Blueprint (General Partner) Ltd which are all shown at cost less impairment within the Council's group accounts. The Council is exposed to losses arising from movements in the value of these holdings. As the holdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

## 4.8 Accounting Standards issued but not adopted

The Code of Practice on Local Authority Accounting requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2024/25 Code.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the 2024/25 Code:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- Changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an

amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires local authorities to disclose the likely impact of any new accounting standards which have been issued as at the balance sheet date but which will not apply to local authorities' accounts until subsequent financial years.

It is likely there will be limited application of items a) and b) and they will not have a significant impact on the Council's financial statements.

With regards to item c) there will be an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. The Council has yet to decide whether to exercise this option or continue with its current valuation methodology, therefore the impact is not yet known.

### 4.9 Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in note 4.1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Any post balance sheet adjustments made to the accounts and disclosure notes, as a result of additional information received on conditions existing at the balance sheet date have been made in line with existing accounting policies.

The critical judgements made in the Statement of Accounts are:

- There are two types of schools in Nottingham. The Council recognises schools in line with the provisions of the Code and consequently, schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. As a result, each type of school has been separately assessed for inclusion on the Council's Balance Sheet. The following table summarises the treatment for each type of school:

School Type	Balance Sheet Treatment
LEA Maintained	On
Academy	Off

- The Council has entered into a partnership arrangement with Leicestershire County Council to provide financial and human resources services. The partnership, East Midlands Shared Services, is a formal local government joint committee which is formed and operates under S102 of the Local Government Act 1972. Such a joint committee has no legal responsibility and has been judged to be a jointly controlled operation with the Council's share of revenue, expenditure, assets and liabilities shown in the single entity financial statements in section 3.

## Section 4 – Notes to the Financial Statements

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- The Council has produced a set of group accounts after carrying out a full review and evaluation of all related organisations. From this review and evaluation, a judgement is made as to whether the Council has the necessary material financial interest and/or level of control required for inclusion in the Group.

### 4.10 Assumptions about the Future and other Major Sources of Estimation

The preparation of the financial statements requires the Council to make estimates and assumptions that affect the application of policies and reported amounts. Although these are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances, actual results may differ from these estimates. The estimates and assumptions which have a significant effect on amounts recognised in the financial statements are as follows:

- **Post-Retirement Benefits** – Estimation of the net liability to pay pensions is dependent on a number of complex judgements relating to the discount rate used, for example the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods.

Under IFRIC 14 a defined benefit liability is calculated as the net total of the present value of the defined obligation minus the fair value at the end of the reporting date of the plan assets. If the fair value of the plan assets exceeds the calculated obligations (a net asset), IAS 19 contains a restriction over the amount of the asset that can be recognised. In effect it requires a calculation of the 'Asset Ceiling' this being based on the future current and past service costs less expected contributions. The net asset is not recognised in the accounts due to the application of the asset ceiling. There is a risk that the assumptions and judgements underpinning this assessment may change in the next 12 months due to actuary valuations.

See note 4.4.14 for details of the defined benefit liability and impact of asset ceiling.

The Sensitivity Analysis in section 7.2.1 is produced by the Actuary and shows the impact that changes in assumptions could have on the pension obligation.

An allowance was made for the potential impact of the McCloud and Sargeant judgement in the results of the Actuary report at the last accounting date and therefore is already included in the starting position for the 2024/25 Actuary report. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities. See note 7.2.1 for further details.

There was a triennial valuation of the fund by the scheme actuary in March 2022. The purpose of this was to set the level of employer contributions necessary for the next three years (1 April 2023 to 31 March 2026) to make good any fund deficit over the remaining working life of the employees.

## 4.11 Events after the Reporting Date

The Statement of Accounts was authorised for issue by the Corporate Director of Finance and Resources on 11 July 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Any significant events between the balance sheet date and the approval of these financial statements are detailed in the Narrative Report at Section 1.4. No additional disclosure or adjustment has been made in the 2024/25 statements in relation to these events.



# Section 5

## SUPPLEMENTARY

## FINANCIAL STATEMENTS

## AND NOTES

### 5.1 Housing Revenue Account (HRA)

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the 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 upon which rents are raised, is shown in the movement on the Housing Revenue Account statement.

#### 5.1.1 Housing Revenue Income and Expenditure Account

The Housing Revenue Account (HRA) 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. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax.

	2023/24 £m	2024/25 £m
<b>Expenditure</b>		
Repairs and maintenance	9.803	11.607
Supervision and Management	66.101	59.053
Rents, rates, taxes and other charges	5.875	6.650
Depreciation and impairment of non-current assets	25.129	26.071
Debt management costs	0.062	0.065
Revaluation (gain) / loss on HRA properties	23.504	13.148
<b>Total Expenditure</b>	<b>130.474</b>	<b>116.593</b>
<b>Income</b>		
Dwelling Rents	(109.473)	(122.586)
Non Dwelling Rents	(3.782)	(4.035)
Charges for Services and Facilities	(28.308)	(14.858)
Contributions Towards Expenditure	(0.652)	(0.154)
<b>Total Income</b>	<b>(142.215)</b>	<b>(141.633)</b>
<b>Net Cost of HRA Services as included in the CIES</b>	<b>(11.740)</b>	<b>(25.040)</b>
HRA services' share of Corporate and Democratic Core	0.198	0.355
<b>NET COST FOR HRA SERVICES</b>	<b>(11.542)</b>	<b>(24.685)</b>
<b>HRA Share of the Operating Income and Expenditure included in the CIES</b>		
Gain or (loss) on sale of HRA non-current assets	2.893	4.566
Grants	(3.292)	(2.235)
Interest payable and similar charges	13.249	12.393
Interest and Investment Income	(5.788)	(6.274)
<b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>	<b>(4.480)</b>	<b>(16.235)</b>

### 5.1.2 Movement on the HRA Statement

	2023/24 £m	2024/25 £m
<b>Actual Ledger Balance on HRA at the start of the Year</b>	<b>56.763</b>	<b>60.124</b>
<b>Outstanding Statutory (Item 9) Adjustment:</b>		
- 2nd Item 9 Credit Application	4.618	4.618
<b>Corrected Balance on HRA at the start of the Year</b>	<b>61.381</b>	<b>64.742</b>
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	4.480	16.235
Adjustments between accounting basis and funding basis	(0.982)	0.349
Net increase or decrease in year before transfers to or from earmarked reserves	3.498	16.584
Transfers (to) or from earmarked reserves	(0.137)	(0.047)
<b>Increase or (decrease) in year on the HRA</b>	<b>3.361</b>	<b>16.537</b>
<b>BALANCE ON THE HRA AT THE END OF THE YEAR</b>	<b>64.742</b>	<b>81.279</b>
<b>Outstanding Statutory (Item 9) Adjustment:</b>		
- 2nd Item 9 Credit Application	(4.618)	(4.618)
<b>ACTUAL LEDGER BALANCE ON THE HRA AT THE END OF THE YEAR</b>	<b>60.124</b>	<b>76.661</b>

The table above shows the balance on the Housing Revenue Account (HRA). The balance on the earmarked HRA reserves as at 31 March 2025 is £0.673m (31 March 2024 £0.626m). Therefore, total HRA reserves at 31 March 2025 are £77.333m (31 March 2024 £60.750m).

### 5.1.3 Notes to the HRA Financial Statements

#### 5.1.3.1 Housing Stock

The Council was responsible for managing the following housing stock:

	31 March 2024 Number	31 March 2025 Number
<b>Houses and Bungalows</b>		
1 Bedroom	1,044	1,057
2 Bedroom	5,687	5,663
3 Bedroom	8,762	8,607
4 or more Bedrooms	462	456
<b>Flats</b>		
1 Bedroom	7,457	7,355
2 Bedroom	1,078	1,060
3 or more Bedrooms	114	114
<b>TOTAL</b>	<b>24,604</b>	<b>24,312</b>

## Section 5 – Supplementary Financial Statements and Notes

### 5.1.3.2 Valuation of Housing Assets

The value of land, houses and other property within the HRA is as follows:

	Restated Value at 31 March 2024 £m	Value at 31 March 2025 £m
<b>Operational Assets</b>		
Council Dwellings	1,340.756	1,355.130
Other Land and Buildings	23.733	21.211
Assets Under Construction	24.535	16.446
Surplus Assets not held for sale	0.408	0.415
Investment Properties	0.668	0.663
Assets Held for Sale	1.825	1.008
Infrastructure	27.744	26.532
Vehicles, IT and Other Equipment	1.120	-
<b>TOTAL VALUE OF ASSETS</b>	<b>1,420.789</b>	<b>1,421.405</b>

The value at 31 March 2024 has been restated to include fleet vehicles.

### 5.1.3.3 Asset value of Dwellings

The vacant possession valuation of Council dwellings at 31 March 2025 was £3,226.500m (1 April 2024 £3,192.275m). The Balance Sheet value of dwellings was £1,355.130m. The difference of £1,871.370m between the vacant possession valuation and the balance sheet value reflects the fact that social housing rents generate a lower income stream than could be obtained in the open market.

Operational assets in a commercial environment are required to earn a rate of return. The value placed on such assets will reflect the required economic rate of return in relation to the income streams that the assets might be expected to generate throughout their economic life. To the extent that income streams are constrained to serve a wider social purpose, the value of capital assets employed for this purpose will be reduced.

The valuation of the Council's housing stock as at 31st March 2025 was completed by external valuers HEB.

### 5.1.3.4 The Major Repairs Reserve

The purpose of this reserve is to earmark funding to provide for the long-term maintenance of the housing stock. Movements on the reserve were as follows:

	2023/24 £m	2024/25 £m
<b>Balance Brought Forward</b>	<b>(38.659)</b>	<b>(49.907)</b>
Credits - Depreciation on HRA Assets	(25.129)	(26.071)
Credits - Additional credit to the MRR	(9.873)	-
Debits - Capital Expenditure	23.754	27.307
<b>BALANCE AT END OF YEAR</b>	<b>(49.907)</b>	<b>(48.670)</b>

Further information on depreciation is shown in note 5.1.3.7

### 5.1.3.5 Capital Expenditure

Capital expenditure of £50.381m (£48.289m in 2023/24) in respect of HRA assets was financed from a range of sources in 2024/25. This is set out below:

	2023/24 £m	2024/25 £m
<b>CAPITAL EXPENDITURE</b>	<b>48.289</b>	<b>50.381</b>
<b>Financed By:</b>		
Capital Receipts Reserve	8.121	8.223
Major Repairs Reserve (MRR)	23.754	27.307
Direct Revenue Financing*	11.850	12.616
Other Capital Grants and Contributions	4.564	2.235
<b>TOTAL FINANCING</b>	<b>48.289</b>	<b>50.381</b>

\* The debit under item 2 of part II of Schedule 4 to the Local Government and Housing Act 1989

### 5.1.3.6 Capital Receipts

Capital receipts of £21.841m (£18.543m in 2023/24) arose from the sale of land, houses and other property within the HRA in 2024/25. Of this total, £21.086m (£17.878m in 2023/24) related to the disposal of houses and flats under the right to buy scheme.

	2023/24 £m	2023/24 £m
Land & Other	0.665	0.755
Houses	17.878	21.086
<b>TOTAL</b>	<b>18.543</b>	<b>21.841</b>

### 5.1.3.7 Depreciation

Depreciation was charged in respect of HRA operational assets in 2024/25 as follows:

	2023/24 £m	2024/25 £m
Dwellings	22.677	22.387
Other Operational HRA Assets:		
Other Land and Buildings	0.367	0.484
Vehicles, Plant, Furniture and Equipment	-	1.120
Infrastructure and Community Assets	2.071	2.074
Surplus Assets not Held for Sale	0.014	0.006
<b>TOTAL</b>	<b>25.129</b>	<b>26.071</b>

## **Section 5 – Supplementary Financial Statements and Notes**

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### **5.1.3.8 Revaluations and Impairments during the Financial Year**

£13.148m in respect of revaluation losses have been debited to the HRA during the year (£23.504m losses debited in 2023/24). £10.281m of this amount related to Council Dwellings as a result the beacon revaluation undertaken during the year.

There were no donated assets within the year.

A de-recognition write-out of £6.948m (£5.275m in 2023/24) was made to reflect the residual value of assets replaced.

The revaluation of investment properties has resulted in a debit of £0.177m (£0.083m credit in 2023/24).

### **5.1.3.9 Rent Arrears and the Balance Sheet provision in respect of Collectable Debts**

Gross rent arrears (including service charges and overpaid housing benefit) in respect of current and former tenants amounted to £7.820m at 31 March 2025 (£8.064m at 31 March 2024). A total loss allowance (previously called bad debt provision) of £6.280m has been established at 31 March 2025 (£6.708m at 31 March 2024).

### **5.1.3.10 Sums Directed by the Secretary of State**

In December 2021 the Section 151 Officer issued a Section 114 Notice indicating the HRA ring-fence had been breached. On 3rd August 2022 the Secretary of State for Levelling Up, Housing & Communities issued an Item 9 Direction which instructed the General Fund to pay the HRA £27.703m. This was made in 2022/23 with no further payments in 2023/24 and 2024/25. The sum of £4.618m is still outstanding and this will be subject to a second Item 9 Ministerial Direction.

## 5.2 Collection Fund

### 5.2.1 Collection Fund Statement

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 National Non-Domestic Rates (NNDR).

	2023/24		2024/25	
	Total £m	NNDR £m	Council Tax £m	Total £m
<b>INCOME</b>				
Council Tax Receivable	(169.907)	-	(181.746)	(181.746)
Business Rates Receivable	(118.477)	(123.546)	-	(123.546)
<b>TOTAL INCOME</b>	<b>(288.384)</b>	<b>(123.546)</b>	<b>(181.746)</b>	<b>(305.292)</b>
<b>EXPENDITURE</b>				
<b>Precepts, Demands and Shares</b>				
Central Government	57.971	63.491	-	63.491
Police Authority	18.413	-	19.490	19.490
Fire Authority	7.286	1.270	6.369	7.639
Nottingham City Council	197.236	62.221	148.879	211.100
<b>Charges to Collection Fund</b>				
Write offs of uncollectable amounts	4.147	1.431	0.798	2.229
Increase /Decrease (-) in allowance for non-collection	(10.005)	(3.879)	4.804	0.925
Increase /Decrease (-) in Provision for Appeals	13.691	(5.999)	-	(5.999)
Cost of Collection	0.456	0.457	-	0.457
Disregarded Amounts	-	0.238	-	0.238
<b>Apportionment of previous year's estimated Collection Fund Surplus/ (Deficit)</b>				
Police & Crime Commissioner	0.192	-	0.420	0.420
Central Government	(3.140)	(2.037)	-	(2.037)
Nottinghamshire Fire & Rescue Service	(0.001)	(0.041)	0.140	0.099
Nottingham City Council	(1.615)	(1.996)	3.203	1.207
<b>TOTAL EXPENDITURE</b>	<b>284.631</b>	<b>115.156</b>	<b>184.103</b>	<b>299.259</b>
Movement on the Collection Fund Balance	(3.753)	(8.390)	2.357	(6.033)
(Surplus)/Deficit Brought Forward	1.664	3.339	(5.428)	(2.089)
Adjustment to (Surplus)/Deficit Brought Forward	-	-	-	-
<b>(SURPLUS)/DEFICIT CARRIED FORWARD</b>	<b>(2.089)</b>	<b>(5.051)</b>	<b>(3.071)</b>	<b>(8.122)</b>

### 5.2.2 Notes to Collection Fund Statement

#### 5.2.2.1 National Non-Domestic Rates (NNDR)

The Council collects NNDR from local businesses based on the rateable value of their property multiplied by a business rate set nationally by Central Government. The Council retains 49% of the NNDR with the remainder distributed to Central Government (50%) and the Nottinghamshire Fire and Rescue Authority (1%).

## Section 5 – Supplementary Financial Statements and Notes

	Restated 2023/24 £m	2024/25 £m
Rate in the pound - Standard multiplier	51.2p	54.6p
Rate in the pound - Small business multiplier	49.9p	49.9p
Total non-domestic rateable value per NNDR system	344.312	344.973

### 5.2.2.2 Council Tax

Council Tax is broadly based on the capital value of domestic property as estimated at 1 April 1991 and classified into 8 bands. Charges are calculated by dividing the preceptors' income requirements by the Council Tax base (the total number of properties in each band, adjusted for discounts and expressed as an equivalent number of Band D dwellings). This gives the basic amount of Council Tax for a band D property, which when multiplied by the specified proportion (as follows) will give the individual amount due.

	2023/24	2024/25
<b>Council Tax Base</b>	<b>68,403</b>	<b>69,075</b>
<b>Council Tax (Band D) Property</b>	<b>£2,411.65</b>	<b>£2,529.69</b>

Band	Average Number of Properties	Taxable Properties after discounts, exemptions and adjustments	Conversion Factor to Band D	Band D Equivalents
A	91,946	53,377	6/9	35,585
B	25,577	15,114	7/9	11,755
C	19,969	12,075	8/9	10,733
D	7,669	5,732	9/9	5,732
E	2,642	2,144	11/9	2,621
F	1,123	979	13/9	1,415
G	755	650	15/9	1,083
H	116	76	18/9	151

### 5.2.2.3 Apportionment of Collection Fund Surplus/Deficit

The (surplus)/deficit on the closing balance of the Collection Fund as at 31 March is allocated as follows:

	2023/24	2024/25	
	Total £m	Council Tax £m	NNDR £m
Nottingham City Council	(2.986)	(2.616)	(2.475)
Nottinghamshire Police Authority	(0.606)	(0.343)	-
Nottinghamshire Fire and Rescue Authority	(0.167)	(0.112)	(0.050)
Central Government	1.670	-	(2.526)
<b>TOTAL</b>	<b>(2.089)</b>	<b>(3.071)</b>	<b>(5.051)</b>



# Section 6

# GROUP FINANCIAL STATEMENTS AND NOTES

## 6.1 Introduction

The Accounting Code of Practice requires that where a local authority has material financial interests and a significant level of control over one or more organisations, it should prepare Group financial statements. The financial statements in section 3 consider the Council only as a single entity, while the Group financial statements provide an overall picture of the Council's financial activities and the resources employed in carrying out those activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures for the Council's subsidiaries and jointly controlled entities.

The following pages include:

- Group Comprehensive Income and Expenditure Statement.
- Group Balance Sheet.
- Group Movement in Reserves Statement.
- Group Cash Flow Statement.
- Notes to the Group accounts.

## 6.2 Significant Judgements and Assumptions

The Council maintains relationships with a number of organisations over which it has varying degrees of control or influence. An assessment of all of these joint arrangements has been carried out to determine which of the following categories they fall under:

- Subsidiaries - where the Council is exposed, or has rights, to variable returns from its involvement with the organisation and has the ability to affect those returns through its power over the organisation i.e. control. These entities are included in the group.
- Associates – where the Council exercises a significant influence, having more than 20% of the voting power and has a participating interest. Where these are material they have been included in the group.
- Joint Venture – where the Council exercises joint control with one or more organisations and has rights to its net assets. Where these are material they have been included in the group.
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

## Section 6 – Group Financial Statements and Notes

For each of the group entities, the group accounts include a share of the operating results, assets and liabilities. Subsidiaries and the Trust Fund are accounted for on an acquisition basis (line by line basis) with intra-group transactions written out. Associates/joint ventures are accounted for by including the Council's share of their net operating results and net assets (equity method of accounting).

For 2024/25 the financial details of these organisations have been consolidated within the group accounts where it is considered that those details have a material effect upon those accounts.

Details of the Council's relationship with each of these organisations are given in group accounts note 6.5.

The Council's group in 2024/25 includes Bridge Estate Trust, Nottingham City Homes Ltd, Nottingham City Transport Ltd, Nottingham Ice Centre Ltd, Blueprint Limited Partnership, and Futures Advice, Skills and Employment Ltd. The group core statements have been completed using the unaudited accounts of these organisations, however Nottingham Ice Centre Ltd missed the deadline for completion of their Accounts and so a combination of current year management account figures and prior year actuals have been used to complete the Group Accounts.

The effect of including the related organisations on the summarised financial position is as follows:

	Restated 2023/24		2024/25	
	Single Entity Accounts £m	Group Accounts £m	Single Entity Accounts £m	Group Accounts £m
<b>Comprehensive Income and Expenditure (CIES):</b>				
(Surplus)/Deficit on Provision of Services	4.170	21.464	(53.409)	(52.124)
Other CIES	(114.609)	(113.339)	(62.994)	(62.744)
Total CIES (Surplus)/Deficit	(110.439)	(91.875)	(116.403)	(114.868)
<b>Balance Sheet:</b>				
Long Term Assets	3,556.359	3,637.668	3,578.013	3,660.085
Current Assets	527.342	564.108	515.899	554.043
Current Liabilities	(277.927)	(305.550)	(255.898)	(285.243)
Long Term Liabilities	(1,164.434)	(1,223.119)	(1,080.271)	(1,140.909)
Nets Assets	2,641.340	2,673.107	2,757.743	2,787.976
Usable Reserves	367.991	399.498	456.871	486.734
Unusable Reserves	2,273.349	2,273.609	2,300.872	2,301.242
	2,641.340	2,673.107	2,757.743	2,787.976
<b>Cash Flow Statement:</b>				
Net Cash Flows from Operating Activities	41.684	45.577	(20.414)	(16.222)
Investing Activities	(1.909)	(6.819)	127.113	128.980
Financing Activities	(81.235)	(83.077)	(82.034)	(87.386)
Net Increase (Decrease) in Cash and Cash Equivalents	(41.460)	(44.319)	24.665	25.372
Cash and Cash Equivalents at the beginning of the reporting period	141.192	171.677	99.732	127.358
Cash and Cash Equivalents at 31 March	99.732	127.358	124.397	152.730

### 6.3 Accounting policies used in preparing the Group Financial Statements

The financial statements produced by individual group entities have been realigned in order to ensure consistent accounting policies in the preparation of the group financial statements. These policies differ from those applicable to the Council's primary financial statements only in the following respects:

- The accounting policies of the group entities for Property, Plant and Equipment, and Investment Properties have been compared to those of the Council to assess whether there needs to be any realignment adjustments on consolidation. There are no material differences in these policies and so no consolidation adjustments have been made.
- Fixed assets held by group entities which are sufficiently specialist in nature not to fall within the scope of the Council's accounting policies are valued in accordance with the accounting policies of the individual entities.
- Any trust funds which the Council controls and which generate economic benefits or deliver goods or services in accordance with the Council's objectives have been evaluated in terms of their impact on the group financial statements. Where this impact has been judged to be material the trust has been included.

## 6.4 Core Group Financial Statements

### 6.4.1 Group Comprehensive Income and Expenditure Statement (Group CIES)

The purpose of this statement is explained in section 3.1 of the Council's single entity Statement of Accounts.

As outlined in note 4.3.1 Prior Year Reclassifications, the Council's 2023/24 CIES has been restated to align with the 2024/25 directorate position of the Council. The group 2023/24 CIES has also been restated to reflect the changes in directorates. The restatement also includes updates so that the 2023/24 final accounts of all group organisations are reflected in the figures. The group organisations are not included within the directorates but are shown on a separate line of the CIES.

As stated in the previous section, Nottingham Ice Centre Ltd missed the deadline for completion of their Accounts and so a combination of current year management account figures and prior year actuals have been used to complete the Group Accounts.

Notes	Restated 2023/24			2024/25		
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure £m	Income £m	£m	Expenditure £m	Income £m	£m
Adults	199.216	(104.625)	94.591	212.543	(120.203)	92.340
Chief Executive	22.346	(18.132)	4.214	22.304	(19.466)	2.838
Childrens	122.452	(39.421)	83.031	133.606	(35.956)	97.650
Commissioning and Partnerships	3.208	(1.321)	1.887	3.938	(1.370)	2.568
Communities, Environment and Resident Services	169.430	(95.797)	73.633	168.856	(108.787)	60.069
Education	48.327	(44.900)	3.427	56.995	(54.643)	2.352
Finance and Resources	172.199	(126.648)	45.551	174.084	(128.217)	45.867
Growth and City Development	92.561	(71.490)	21.071	94.678	(74.168)	20.510
Public Health	31.814	(35.490)	(3.676)	35.175	(40.185)	(5.010)
Schools	124.834	(124.616)	0.218	135.226	(132.245)	2.981
Corporate Items	56.663	(62.646)	(5.983)	56.530	(62.424)	(5.894)
Housing Revenue Account (HRA)	109.791	(141.059)	(31.268)	106.898	(139.604)	(32.706)
Revaluation gain on HRA Council Dwellings	23.522	-	23.522	10.281	-	10.281
Group Organisations	113.964	(110.329)	3.635	112.909	(112.223)	0.686
<b>Cost of Services</b>	<b>1,290.327</b>	<b>(976.474)</b>	<b>313.853</b>	<b>1,324.023</b>	<b>(1,029.491)</b>	<b>294.532</b>
Other operating expenditure			14.045			3.058
6.7.1.1 Financing and investment income and expenditure			42.648			13.508
Taxation and non-specific grant income			(351.176)			(363.499)
<b>(Surplus)/Deficit on Provision of Services</b>			<b>19.370</b>			<b>(52.401)</b>
Share of the surplus or deficit on the provision of services by associates			0.903			(0.143)
Tax expenses of subsidiaries			1.191			0.420
<b>Group (Surplus)/Deficit</b>			<b>21.464</b>			<b>(52.124)</b>
Revaluation of PPE/Heritage assets			(106.575)			(70.789)
Re-measurement of pension assets/liabilities			(6.213)			6.420
Share of other comprehensive income and expenditure of associates and joint ventures			(0.551)			1.625
<b>Other Comprehensive Income and Expenditure</b>			<b>(113.339)</b>			<b>(62.744)</b>
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>(91.875)</b>			<b>(114.868)</b>

### Analysis of Minority Interest Shares in the Group Comprehensive Income and Expenditure Statement

In consolidating subsidiaries, 100% of their transactions are included in the CIES even if ownership is less than 100%. The note below discloses the attributable amounts of the group surplus or deficit and other comprehensive income and expenditure to the minority interest in subsidiaries.

	Restated 2023/24			2024/25		
	Authority	Minority Interest	Total	Authority	Minority Interest	Total
	£m	£m	£m	£m	£m	£m
Group (surplus) / Deficit	21.627	(0.163)	21.464	(52.082)	(0.042)	(52.124)
Other CIES	(113.435)	0.096	(113.339)	(62.677)	(0.067)	(62.744)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>	<b>(91.808)</b>	<b>(0.067)</b>	<b>(91.875)</b>	<b>(114.759)</b>	<b>(0.109)</b>	<b>(114.868)</b>

### Reconciliation of single entity total comprehensive income and expenditure for the year to the Group total comprehensive income and expenditure

	Restated 2023/24 £m	2024/25 £m
Total comprehensive income and expenditure on the authority's single entity CIES	(110.439)	(116.403)
Add (surplus)/deficit arising from group entities:		
Subsidiaries	7.001	0.889
Joint Ventures	0.352	1.482
Trust Funds	11.211	(0.836)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE ON THE GROUP CIES</b>	<b>(91.875)</b>	<b>(114.868)</b>

## Section 6 – Group Financial Statements and Notes

### 6.4.2 Group Balance Sheet

The purpose of this statement is explained in section 3.2 of the Council's single entity Statement of Accounts.

2023/24 has been restated so that the final accounts of all group organisations are reflected in the figures.

Notes		Restated 31 March 2024 £m	31 March 2025 £m
6.7.2.1	Property, Plant & Equipment	3,259.960	3,252.862
6.7.2.1	Right of Use Assets	-	36.902
	Heritage Assets	76.052	78.746
6.7.2.2	Investment Property	249.746	239.709
	Intangible Assets	4.019	2.844
	Long Term Investments	2.425	2.285
	Long Term Debtors	34.606	39.225
	Investments in Associates and Joint Ventures	10.860	7.512
	<b>Long Term Assets</b>	<b>3,637.668</b>	<b>3,660.085</b>
	Assets Held for Sale	46.496	17.629
	Short Term Investments	260.852	254.617
	Intangible Assets	0.020	0.050
	Inventories	3.078	3.596
6.7.2.3	Short Term Debtors	126.197	125.329
6.7.1.2	Contract Assets	0.107	0.092
6.7.2.4	Cash and Cash Equivalents	127.358	152.730
	<b>Current Assets</b>	<b>564.108</b>	<b>554.043</b>
	Short Term Borrowing	(44.095)	(41.823)
6.7.2.5	Short Term Creditors	(208.737)	(196.898)
	Revenue Grants Received in Advance	(32.955)	(17.479)
6.7.1.2	Contract Liabilities	(17.023)	(26.288)
	Provisions	(2.282)	(2.200)
	Current Tax Liability	(0.458)	(0.555)
	<b>Current Liabilities</b>	<b>(305.550)</b>	<b>(285.243)</b>
	Long Term Borrowing	(767.693)	(711.266)
6.7.1.2	Long Term Contract Liabilities	(2.440)	(0.924)
	Long Term Creditors	(1.168)	(0.339)
	Other Long Term Liabilities	(151.210)	(166.455)
	Provisions	(57.058)	(53.637)
	Capital Grants Receipts in Advance	(146.033)	(121.464)
	Revenue Grants Receipts in Advance	(0.141)	(0.191)
	Defined Benefit Pension Scheme	(93.012)	(82.255)
	Deferred Tax Liability	(4.364)	(4.378)
	<b>Long Term Liabilities</b>	<b>(1,223.119)</b>	<b>(1,140.909)</b>
	<b>NET ASSETS</b>	<b>2,673.107</b>	<b>2,787.976</b>
6.7.2.6	Usable Reserves	399.498	486.734
6.7.2.7	Unusable Reserves	2,273.609	2,301.242
	<b>TOTAL RESERVES</b>	<b>2,673.107</b>	<b>2,787.976</b>

### 6.4.3 Group Movement in Reserves Statement

The purpose of this statement is explained in section 3.3 of the Council's single entity Statement of Accounts. The General Fund and Earmarked General Fund in total form the statutory General Fund.

2023/24 has been restated so that the final accounts of all group organisations are reflected in the figures.

2024/25	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Minority Interest	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Ledger Balance at 31 March 2024</b>	22.719	197.285	220.004	60.124	0.626	36.061	49.907	1.269	367.991	2,273.349	2,641.340	31.021	0.746	2,673.107
<b>Outstanding Statutory (Item 9)</b>														
<b>Adjustments:</b>														
2nd Item 9 Credit Application	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-	-	-	-
<b>Corrected Balance at 31 March 2024</b>	22.719	192.667	215.386	64.742	0.626	36.061	49.907	1.269	367.991	2,273.349	2,641.340	31.021	0.746	2,673.107
<b>Opening balance restatement</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Movement in 2024/25:</b>														
Total CIE* (Table 6.4.1)	39.240	-	39.240	16.235	-	-	-	-	55.475	62.994	118.469	(3.710)	0.109	114.868
Adjustments between group accounts and authority accounts ( <b>Note 6.7.3</b> )	(2.066)	-	(2.066)	-	-	-	-	-	(2.066)	-	(2.066)	2.067	-	0.001
<b>Net Increase/Decrease before transfers</b>	<b>37.174</b>	<b>-</b>	<b>37.174</b>	<b>16.235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53.409</b>	<b>62.994</b>	<b>116.403</b>	<b>(1.643)</b>	<b>0.109</b>	<b>114.869</b>
Funding basis adjustments	(1.124)	-	(1.124)	0.349	-	38.130	(1.237)	(0.647)	35.471	(35.471)	-	-	-	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>36.050</b>	<b>-</b>	<b>36.050</b>	<b>16.584</b>	<b>-</b>	<b>38.130</b>	<b>(1.237)</b>	<b>(0.647)</b>	<b>88.880</b>	<b>27.523</b>	<b>116.403</b>	<b>(1.643)</b>	<b>0.109</b>	<b>114.869</b>
Transfers to/from earmarked reserves	4.771	(4.771)	-	(0.047)	0.047	-	-	-	-	-	-	-	-	-
<b>Movement in Year</b>	<b>40.821</b>	<b>(4.771)</b>	<b>36.050</b>	<b>16.537</b>	<b>0.047</b>	<b>38.130</b>	<b>(1.237)</b>	<b>(0.647)</b>	<b>88.880</b>	<b>27.523</b>	<b>116.403</b>	<b>(1.643)</b>	<b>0.109</b>	<b>114.869</b>
<b>BALANCE AT 31 MARCH 2025</b>	<b>63.540</b>	<b>187.896</b>	<b>251.436</b>	<b>81.279</b>	<b>0.673</b>	<b>74.191</b>	<b>48.670</b>	<b>0.622</b>	<b>456.871</b>	<b>2,300.872</b>	<b>2,757.743</b>	<b>29.378</b>	<b>0.855</b>	<b>2,787.976</b>
<b>Outstanding Statutory (Item 9)</b>														
<b>Adjustments:</b>														
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-	-	-	-
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2025</b>	<b>63.540</b>	<b>192.514</b>	<b>256.054</b>	<b>76.661</b>	<b>0.673</b>	<b>74.191</b>	<b>48.670</b>	<b>0.622</b>	<b>456.871</b>	<b>2,300.872</b>	<b>2,757.743</b>	<b>29.378</b>	<b>0.855</b>	<b>2,787.976</b>

\* CIE - Comprehensive Income and Expenditure



## Section 6 – Group Financial Statements and Notes

Restated 2023/24	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Minority Interest	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Ledger Balance at 31 March 2023</b>	8.877	195.435	204.312	56.763	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901	50.555	0.679	2,582.135
<b>Outstanding Statutory (Item 9)</b>														
<b>Adjustments:</b>														
2nd Item 9 Credit Application	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-	-	-	-
<b>Corrected Balance at 31 March 2023</b>	8.877	190.817	199.694	61.381	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901	50.555	0.679	2,582.135
<b>Movement in 2023/24:</b>														
Total CIE* (Table 6.4.1)	(8.283)	-	(8.283)	4.480	-	-	-	-	(3.803)	114.609	110.806	(18.998)	0.067	91.875
Adjustments between group accounts and authority accounts ( <b>Note 6.7.3</b> )	(0.367)	-	(0.367)	-	-	-	-	-	(0.367)	-	(0.367)	(0.536)	-	(0.903)
<b>Net Increase/Decrease before transfers</b>	<b>(8.650)</b>	<b>-</b>	<b>(8.650)</b>	<b>4.480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4.170)</b>	<b>114.609</b>	<b>110.439</b>	<b>(19.534)</b>	<b>0.067</b>	<b>90.972</b>
Funding basis adjustments	24.342	-	24.342	(0.982)	-	(15.749)	11.248	(0.134)	18.725	(18.725)	-	-	-	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>15.692</b>	<b>-</b>	<b>15.692</b>	<b>3.498</b>	<b>-</b>	<b>(15.749)</b>	<b>11.248</b>	<b>(0.134)</b>	<b>14.555</b>	<b>95.884</b>	<b>110.439</b>	<b>(19.534)</b>	<b>0.067</b>	<b>90.972</b>
Transfers to/from earmarked reserves	(1.850)	1.850	-	(0.137)	0.137	-	-	-	-	-	-	-	-	-
<b>Movement in Year</b>	<b>13.842</b>	<b>1.850</b>	<b>15.692</b>	<b>3.361</b>	<b>0.137</b>	<b>(15.749)</b>	<b>11.248</b>	<b>(0.134)</b>	<b>14.555</b>	<b>95.884</b>	<b>110.439</b>	<b>(19.534)</b>	<b>0.067</b>	<b>90.972</b>
<b>BALANCE AT 31 MARCH 2024</b>	<b>22.719</b>	<b>192.667</b>	<b>215.386</b>	<b>64.742</b>	<b>0.626</b>	<b>36.061</b>	<b>49.907</b>	<b>1.269</b>	<b>367.991</b>	<b>2,273.349</b>	<b>2,641.340</b>	<b>31.021</b>	<b>0.746</b>	<b>2,673.107</b>
<b>Outstanding Statutory (Item 9)</b>														
<b>Adjustments:</b>														
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-	-	-	-
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2024</b>	<b>22.719</b>	<b>197.285</b>	<b>220.004</b>	<b>60.124</b>	<b>0.626</b>	<b>36.061</b>	<b>49.907</b>	<b>1.269</b>	<b>367.991</b>	<b>2,273.349</b>	<b>2,641.340</b>	<b>31.021</b>	<b>0.746</b>	<b>2,673.107</b>

\* CIE - Comprehensive Income and Expenditure

#### 6.4.4 Group Cash Flow Statement

The purpose of this statement is explained in section 3.4 of the Council's single entity Statement of Accounts.

2023/24 has been restated so that the final accounts of all group organisations are reflected in the figures.

Notes	Restated	
	2023/24 £m	2023/24 £m
<b>Net (Surplus)/Deficit on the provision of Services</b>	<b>(19.370)</b>	<b>52.401</b>
Adjustments to net surplus or deficit on the provision of services for non-cash movements	241.233	123.440
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(176.286)	(192.063)
<b>6.7.4.1 Net Cash Flows from Operating Activities</b>	<b>45.577</b>	<b>(16.222)</b>
<b>6.7.4.2</b> Investing Activities	(6.819)	128.980
<b>6.7.4.3</b> Financing activities	(83.077)	(87.386)
<b>Net Increase or Decrease in Cash and Cash Equivalents</b>	<b>(44.319)</b>	<b>25.372</b>
Cash and cash equivalents at the beginning of the reporting period	171.677	127.358
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>127.358</b>	<b>152.730</b>

### 6.5 Details of subsidiaries, jointly controlled entities and trust funds included in the group accounts

The 2024/25 group core statements have been completed using the unaudited accounts of these organisations.

Copies of the accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ unless otherwise stated in sections 6.5.1 to 6.5.3 below.

#### 6.5.1 Subsidiaries:

##### **Nottingham City Homes Ltd (Registered Company Number: 05292636)**

###### *Nature of the business*

Nottingham City Homes is a group of housing companies comprising of Nottingham City Homes Ltd (NCH), Nottingham City Homes Registered Provider Ltd (NCHRP) and Nottingham City Homes Enterprises Ltd (NCHEL). The NCH Group managed homes on behalf of the Council until 31 March 2023, as well as continuing to manage its own homes, and homes owned by other landlords, and provides a range of services to support people in the communities.

###### *Relationship with the Council*

NCH is incorporated as a private company limited by guarantee under the Companies Act 1985. The company's sole member is the Council.

As from 1 April 2023, the Council decided to insource responsibility for Council housing. This meant NCH no longer had responsibility for Council housing but retained responsibility for properties owned by the company, NCHRP and NCHEL.

All NCH staff were transferred via TUPE back into the Council from 31 March 2023. All Council housing functions are now insourced back to the Council. The Council staff, however, continue to provide services to NCH Group through a service agreement to enable NCH Group to continue to carry out its obligations for the small number of properties under its management.

The Council has a NCH debtor balance of £40.248m at 31 March 2025 (£45.005m at 31 March 2024), this is made up of a loan and a short term debtor balance.

##### **Nottingham City Transport Ltd (Registered Company Number: 02004967)**

###### *Nature of Business*

The company is the principal public bus operator in the Greater Nottingham area.

###### *Relationship with the Council*

This company is controlled by the Council and commenced trading on 26 October 1986. The total shareholding owned by the Council is 95%. Transdev Plc has a minority interest in Nottingham City Transport Ltd (NCT) of 5% which comprises of 238,526 B Ordinary shares at £1 each.

The company has the following shares in issue:

- 4,532,000 "A" Ordinary shares at £1 each, which are owned by the Council.
- 238,526 "B" Ordinary shares at £1 each, which are owned by Transdev Plc.
- 2,882,750 £1 cumulative, convertible, redeemable preference shares owned by Transdev Plc. These shares carry a 10% coupon rate and are convertible at the rate of 3.64 preference shares to 1 "B" Ordinary share at any time. The shares are redeemable by the shareholder at any time after 1 January 2005, and by the company at any time after 1 January 2010.

## Section 6 – Group Financial Statements and Notes

The “A” and “B” shares rank equally in all material respects.

The group takes into account 100% of the results of the company with the 5% minority interest being disclosed where appropriate.

### *Period of Accounts*

The financial statements used in the preparation of the group accounts are for the 53 week period ending 29 March 2025 (as this is the last week ending date for NCT’s internal group reporting purposes).

### *Summarised Financial Information of Nottingham City Transport Ltd showing Minority Interest*

	Restated 2023/24		2024/25	
	NCT £m	5% Minority Interest £m	NCT £m	5% Minority Interest £m
Profit for the period attributable to equity shareholders	(3.275)	(0.164)	(1.097)	(0.055)
Ordinary Dividends Paid	-	-	0.263	0.013
Other Comprehensive Income and Expenditure	1.922	0.096	(1.339)	(0.067)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(1.353)</b>	<b>(0.068)</b>	<b>(2.173)</b>	<b>(0.109)</b>
Non-current Assets	45.670	2.283	53.231	2.662
Current Assets	19.079	0.954	14.461	0.723
Current Liabilities	(18.509)	(0.925)	(18.142)	(0.907)
Non-current Liabilities	(31.313)	(1.566)	(32.450)	(1.623)
<b>NET ASSETS</b>	<b>14.927</b>	<b>0.746</b>	<b>17.100</b>	<b>0.855</b>

### **Nottingham Ice Centre Ltd (Registered Company Number: 03563341)**

#### *Nature of the business*

The principal activity of the company is to manage the trading aspects of the National Ice Centre.

#### *Relationship with the Council*

Nottingham Ice Centre Ltd (NIC) is a wholly owned subsidiary of the Council.

NIC have a loan facility with an annual review of requirements. At 31 March 2025 the balance was £7.159m (£7.384m at 31 March 2024).

## 6.5.2 Joint Ventures:

### **Blueprint Limited Partnership (Registered Limited Partnership Number: LP010442)**

#### *Nature of the business*

The principal activities of the partnership are that of the purchase of interests in and redevelopment of property and the sale and interim rental of land and property.

The objectives of the partnership are to carry out this trading and development in to generate a commercial return and to deliver economic, environmental, and social benefits through physical regeneration in the Midlands and adjacent areas.

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The activities of the partnership are managed by Blueprint (General Partner) Limited (0534186).

### *Relationship with the Council*

The Council purchased its share on 9 March 2015. Places for People (PFPC1 LP) bought out the Igloo Regeneration Partnership share on 3 May 2018. The Council and PFPC1 LP each own 49.95%, with Blueprint (General Partner) Ltd owning the remaining 0.1% (the general partner being owned equally by the Council & PFPC1 LP). The Council in effect owns 50% of Blueprint Limited Partnership through a limited liability partnership agreement.

### *Summarised Financial Information of Blueprint Limited Partnership*

	2023/24 £m	2024/25 £m
Turnover	(4.917)	(9.675)
Cost of Sales	5.112	9.480
<b>Gross Profit</b>	<b>0.195</b>	<b>(0.195)</b>
Other Operating Income	(0.296)	(0.413)
Administrative Expenses	1.218	0.449
<b>Operating Profit</b>	<b>1.117</b>	<b>(0.159)</b>
Finance Income	(0.003)	(0.068)
Finance Costs	0.002	0.001
<b>Profit for the Year</b>	<b>1.116</b>	<b>(0.226)</b>
Other Comprehensive Income and Expenditure	-	-
<b>TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR</b>	<b>1.116</b>	<b>(0.226)</b>
Non-current Assets	0.035	0.021
Current Assets	17.972	12.804
Current Liabilities	(0.557)	(2.164)
Non-current Liabilities	(0.024)	(0.009)
<b>NET ASSETS AS AT 31 MARCH</b>	<b>17.426</b>	<b>10.652</b>
<b>INVESTMENT IN JOINT VENTURE INCLUDED IN THE COUNCIL'S GROUP ACCOUNTS (50% OF NET ASSETS)</b>	<b>8.713</b>	<b>5.326</b>
Amounts included in the above figures:		
Depreciation (in Operating Charges)	0.013	0.014
Interest Earned on Deposits (in Finance Income)	(0.003)	(0.068)
Cash at Bank and In Hand (included in current assets)	1.293	3.820
Accruals and Deferred Income (included in Current Liabilities)	(0.191)	(0.224)

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### Futures Advice, Skills and Employment Ltd (Registered Company Number: 04172770)

#### *Nature of the business*

Futures Advice, Skills and Employment Ltd (Futures) is a company which is an all age, careers and employability advice service which delivers a range of careers, advice and consultancy services in the East Midlands and across England.

#### *Relationship with the Council*

The company is jointly owned 50/50 by the Council and Nottinghamshire County Council.

#### *Commitments*

The Council is committed to paying Futures £0.911m in 2024/25, being grant funding for the delivery of careers advice.

#### *Summarised Financial Information of Futures group*

	2023/24 £m	2024/25 £m
Revenue	(14.610)	(14.000)
Other Operating Charges	15.439	13.975
<b>Operating (Profit)/Loss</b>	<b>0.829</b>	<b>(0.025)</b>
Finance Income	(0.155)	(0.046)
Finance Costs	0.016	0.010
<b>(Profit)/Loss before Tax</b>	<b>0.690</b>	<b>(0.061)</b>
Income Tax Expense	-	-
<b>(Profit)/Loss for the Year</b>	<b>0.690</b>	<b>(0.061)</b>
Other Comprehensive Income and Expenditure	0.078	(0.018)
<b>TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR</b>	<b>0.768</b>	<b>(0.079)</b>
Non-current Assets	1.732	1.289
Current Assets	6.014	4.991
Current Liabilities	(3.213)	(1.748)
Non-current Liabilities	(0.239)	(0.159)
<b>NET ASSETS AS AT 31 MARCH</b>	<b>4.294</b>	<b>4.373</b>
<b>INVESTMENT IN JOINT VENTURE INCLUDED IN THE COUNCIL'S GROUP ACCOUNTS (50% OF NET ASSETS)</b>	<b>2.147</b>	<b>2.186</b>
<b>Amounts included in the above figures:</b>		
Depreciation and Impairment (in Operating Charges)	0.410	0.310
Defined Benefit Pension Finance Costs / (Income) (in Finance Costs/Income)	(0.121)	(0.003)
Interest Earned on Loans and Deposits (in Finance Income)	(0.034)	(0.040)
Cash and Cash Equivalents (in Current Assets)	3.956	3.270
Accruals (in Current Liabilities)	(1.439)	(0.756)

### 6.5.3 Trust Fund:

#### **Bridge Estate (Registered Charity Number: 220716)**

##### *Nature of the Trust Fund*

The earliest mention of Bridge Estate is in 1302. Since that date, various bequests of land and property have been made, the income from which being set aside for the maintenance of bridges over the River Trent. By 1882 the income generated by the Estate was in excess of that required for the maintenance of Trent Bridge and consequently the objectives of the Estate were extended by virtue of section 78 of the Nottingham Corporation Act 1882.

The objectives of the charity are as follows:

- Provide for the efficient maintenance and repair of Trent Bridge and the approaches to it.
- In effect, to set up a contingency fund for the possible construction of such new bridge or bridges over the River Trent as may be found necessary or desirable.
- The residue of such income is to be applied as the Trustee thinks best for the improvement of the City of Nottingham and the public benefit of its inhabitants.

##### *Relationship with the Council*

Bridge Estate is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Bridge Estate are subject to the same financial regulations and procedures as those relating to the Council.

##### *Accounts*

Copies of the accounts of Bridge Estate can be obtained from Technical Accounting, Strategy and Resources, Loxley House, Station Street, Nottingham, NG2 3NG.

## **6.6 Details of subsidiaries, associates, joint ventures and trust funds not included in the group accounts**

The Council has considered its relationship with the following associates, joint ventures and trust funds. These organisations have been excluded from the group accounts on the basis of risk and materiality.

### **6.6.1 Subsidiaries**

#### **Nottingham Science Park Management Ltd (Registered Company Number: 05977314)**

##### *Nature of the company*

The company essentially functions to administer service charges at Nottingham Science Park through its property agent.

##### *Relationship with the Council*

Nottingham Science Park Management Ltd is a wholly owned subsidiary of the Council. The Council owns 100% of the issued share capital.



### **6.6.2 Associates**

#### **Ticketing Network East Midlands Ltd (Registered Company Number: 06623526)**

##### *Nature of the company*

The founding members of Ticketing Network East Midlands Ltd (TNEM) are the Lakeside Arts Centre, Nottingham Theatre Royal and Royal Concert Hall, Nottingham Playhouse and Dance4. TNEM is run on behalf of this consortium of arts organisations to manage its ticketing and customer relationship management system.

TNEM is the first consortium in the United Kingdom to be formed specifically for the purpose of enabling multiple organisations within this region to share Tessitura software and services from the Tessitura network.

##### *Relationship with the Council*

The Council holds 25% of the shares of TNEM, as do each of the other three member organisations Lakeside Arts Centre, Nottingham Playhouse and Dance4.

### **6.6.3 Joint Ventures**

#### **Blueprint (General Partner) Ltd (Registered Company Number: 05340186)**

##### *Nature of the Company*

Blueprint (General Partner) Ltd manages the activity of the Blueprint Limited Partnership.

##### *Relationship with the Council*

The company is jointly owned by the Council and PFPC1 LP. The Council purchased the 50% share on 9 March 2015.

#### **Creative Quarter Nottingham Ltd (Registered Company Number: 08336489)**

##### *Nature of Company*

Creative Quarter Nottingham Limited was an economic development agency, encouraging growth and productivity in Nottingham's creative and digital industries. Creative Quarter Nottingham Limited is a private company limited by guarantee.

##### *Relationship with the Council*

Creative Quarter Nottingham Limited was jointly owned by Nottingham City Council and Nottingham Trent University. Creative Quarter Nottingham Limited went into liquidation on 28 April 2023. Information regarding the liquidation can be seen on Companies House or via this link: [CREATIVE QUARTER NOTTINGHAM LIMITED overview - Find and update company information - GOV.UK](#)

#### **emPSN Services Ltd (Registered Company Number: 05882746)**

##### *Nature of the Company*

emPSN Service Ltd is a regional partnership formed to secure a regional network and services for schools and a service framework for the public sector.

##### *Relationship with the Council*

As a customer of emPSN the Council is a member of the company and has a stake in its future as a public sector owned company Limited by Guarantee.

#### **Inspired Spaces Nottingham (Holdings 1) Ltd. (Registered Company Number: 06506329) and Inspired Spaces Nottingham (Holdings 2) Ltd. (Registered Company Number: 8121567)**

##### *Nature of the Company*

The principal activities of the companies are the provision of the construction project development and partnering services within the education sector.

## Section 6 – Group Financial Statements and Notes

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### *Relationship with the Council*

The Council has a 9.26% shareholding in Holdings 1 and a 10% shareholding in Holdings 2. Under the terms of a shareholders' agreement, no individual shareholder is able to control or exert significant influence over the company.

### 6.6.4 Trust Funds

#### **Harvey Hadden Stadium Trust (Registered Charity Number: 522271)**

##### *Nature of the Trust Fund*

On 18 July 1955 the court made a scheme and order for an athletics stadium to be erected out of the bequest of Harvey Hadden. Under the court order there is a requirement for "the Corporation" – now Nottingham City Council – to maintain the stadium built with those funds, "under the name of Harvey Hadden Stadium in good order and condition in perpetuity for the purposes of public recreation".

The objective of the Trust is to provide public recreation for the people of the City of Nottingham forever.

##### *Relationship with the Council*

Harvey Hadden Stadium Trust is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Harvey Hadden Stadium Trust are subject to the same financial regulations and procedures as those relating to the Council.

#### **Highfields Leisure Park Trust (Registered Charity Number: 1006603)**

##### *Nature of the Trust Fund*

The Highfields Leisure Park Trust was created by indenture in 1920 as a gift from Sir Jesse Boot, founder of Boots the Chemist. The objective of the Trust is to provide public recreation and pleasure grounds for the people of the City of Nottingham forever.

##### *Relationship with the Council*

Highfields Leisure Park Trust is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Highfields Leisure Park Trust are subject to the same financial regulations and procedures as those relating to the Council.

## 6.7 Notes to the Core Group Financial Statements

These notes provide information that supports and helps in interpreting the financial statements. Where the group account figures are not materially different from those of the Council only accounts, no additional disclosure notes have been made.

### 6.7.1 Group Comprehensive Income and Expenditure Statement Notes

#### 6.7.1.1 Financing and Investment Income and Expenditure

	Restated 2023/24			2024/25		
	Expenditure	Income	Net	Expenditure	Income	Net
	£m			£m		
Net Interest on Pension Fund	11.660	-	11.660	-	(1.354)	(1.354)
Interest and similar charges and income	23.889	(0.139)	23.750	17.643	(0.056)	17.587
Interest revenue/costs calculated using the effective interest rate method	30.730	(33.859)	(3.129)	28.818	(17.000)	11.818
Change in value of financial assets held at fair value through profit and loss	-	(0.089)	(0.089)	0.016	-	0.016
Impairment Losses	2.164	(0.161)	2.003	2.342	-	2.342
Impairment of Equity Holding	0.589	-	0.589			-
Trading Operations	1.336	(1.218)	0.118	0.990	(1.090)	(0.100)
Income and expenditure in relation to investment properties and changes in their fair value	46.592	(38.757)	7.835	9.744	(25.816)	(16.072)
Other Finance and Investment items	0.288	(0.377)	(0.089)	0.302	(1.031)	(0.729)
<b>TOTAL</b>	<b>117.248</b>	<b>(74.600)</b>	<b>42.648</b>	<b>59.855</b>	<b>(46.347)</b>	<b>13.508</b>

#### 6.7.1.2 Revenue from Contracts with Service Recipients

Revenue included in the CIES for contracts with service recipients:

	Restated 2023/24				2024/25			
	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Adults	-	(0.019)	(20.211)	(20.230)	-	(0.018)	(23.586)	(23.604)
Chief Executive	-	-	(5.396)	(5.396)	-	-	(5.418)	(5.418)
Childrens	-	-	(0.185)	(0.185)	-	-	(0.158)	(0.158)
Commissioning and Partnerships	-	-	-	-	-	-	-	-
Communities, Environment and Resident Services	(5.956)	(2.866)	(60.110)	(68.932)	(6.199)	(3.033)	(65.202)	(74.434)
Education	-	(2.720)	(7.123)	(9.843)	-	(2.747)	(7.472)	(10.219)
Finance and Resources	-	-	(7.525)	(7.525)	-	-	(8.691)	(8.691)
Growth and City Development	(3.232)	(0.063)	(41.357)	(44.652)	(3.379)	(0.062)	(40.834)	(44.275)
Public Health	-	-	(0.194)	(0.194)	-	-	(0.483)	(0.483)
Schools	-	(0.028)	(3.048)	(3.076)	-	(0.027)	(3.281)	(3.308)
Corporate Items	-	(0.006)	(2.721)	(2.727)	-	-	(2.021)	(2.021)
Housing Revenue Account (HRA)	(110.562)	(0.005)	(15.984)	(126.551)	(123.359)	(0.024)	(15.979)	(139.362)
Group Organisations	-	(12.245)	(97.881)	(110.126)	-	(12.248)	(101.881)	(114.129)
Financing and Investment Income and Expenditure	-	-	(37.179)	(37.179)	-	-	(18.773)	(18.773)
<b>Revenue from contracts with service recipients</b>	<b>(119.750)</b>	<b>(17.952)</b>	<b>(298.914)</b>	<b>(436.616)</b>	<b>(132.937)</b>	<b>(18.159)</b>	<b>(293.779)</b>	<b>(444.875)</b>
Impairment of receivables				(0.499)				0.316
<b>TOTAL INCLUDED IN THE CIES</b>				<b>(437.115)</b>				<b>(444.559)</b>

## Section 6 – Group Financial Statements and Notes

As outlined in note 4.3.1 Prior Year Reclassifications, 2023/24 has been restated to align with the 2024/25 directorate position of the Council. This restatement only alters the classification of the directorates and overall the total value is unchanged. The group organisations are not included within the directorates but are shown on a separate line.

Revenue is recognised either over time or at a point in time. This is analysed in the following table:

Timing of revenue recognition	2023/24		2024/25	
	Over time	At a point in time	Over time	At a point in time
	£m	£m	£m	£m
Fees and charges under statutory requirements	(118.572)	(1.178)	(132.083)	(0.854)
Sale of goods	-	(17.952)	-	(18.159)
Charges for services	(194.889)	(104.025)	(180.361)	(113.418)
<b>TOTAL</b>	<b>(313.461)</b>	<b>(123.155)</b>	<b>(312.444)</b>	<b>(132.431)</b>

Amounts included in the Balance Sheet for contracts with service recipients are shown in the following table:

	31 March 2024	31 March 2025
	£m	£m
Receivables included in debtors	63.034	60.316
Contract assets	0.107	0.092
Contract liabilities	(19.463)	(27.212)
<b>TOTAL</b>	<b>43.678</b>	<b>33.196</b>

Changes in the contract assets and contract liabilities balances during the year are as follows:

	2023/24		2024/25	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
	£m	£m	£m	£m
<b>Balances at 1 April</b>	<b>0.104</b>	<b>(18.227)</b>	<b>0.107</b>	<b>(19.463)</b>
Reversal for amounts recognised in the CIES in	(0.104)	18.227	(0.107)	19.463
Increases (decreases) due to cash received (paid)	0.107	(19.463)	0.092	(27.212)
<b>BALANCE AT 31 MARCH</b>	<b>0.107</b>	<b>(19.463)</b>	<b>0.092</b>	<b>(27.212)</b>

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year, is:

	31 March 2024	31 March 2025
	£m	£m
Not later than one year	(17.023)	(26.288)
Later than one year	(2.440)	(0.924)
<b>TOTAL</b>	<b>(19.463)</b>	<b>(27.212)</b>

## 6.7.2 Group Balance Sheet Notes

## 6.7.2.1 Property, Plant and Equipment

2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	
Gross Book Value b/f	1,340.756	1,190.219	206.855		13.144	5.621	49.345	2,805.940	**
Accumulated Depreciation b/f	-	(6.682)	(110.385)		-	-	-	(117.067)	**
Accumulated Impairment b/f	-	-	-		-	-	-	-	**
<b>Net Book Value at 1 April 2024</b>	<b>1,340.756</b>	<b>1,183.537</b>	<b>96.470</b>	<b>571.087</b>	<b>13.144</b>	<b>5.621</b>	<b>49.345</b>	<b>3,259.960</b>	
Additions - Capital Expenditure	39.561	4.606	16.380	34.533	1.402	0.003	11.148	107.633	
Additions - Donations								-	
Additions - PFI / VA School Recognition	-	10.484	0.026	10.643	-	-	-	21.153	
Depreciation Charge	(22.387)	(26.524)	(18.192)	(30.493)	-	(0.090)	-	(97.686)	
Revaluations - Recognised in Revaluation Reserve	18.599	55.398	-	-	-	(5.959)	-	68.038	
Revaluations - Recognised in the CIES	(10.281)	(14.279)	-	-	-	0.309	-	(24.251)	
Derecognition - Disposals	(18.709)	(17.165)	(1.398)	-	-	(15.513)	-	(52.785)	
Derecognition - Other	(6.948)	(1.048)	-	-	-	-	-	(7.996)	
Other Movements- Transfers to/from Held for Sale	-	(0.625)	-	-	-	16.483	(0.160)	15.698	
Other Movements	14.539	10.369	1.997	(3.249)	2.677	15.235	(41.568)	-	
<b>Net Book Value at 31 March 2025</b>	<b>1,355.130</b>	<b>1,204.753</b>	<b>95.283</b>	<b>582.521</b>	<b>17.223</b>	<b>16.089</b>	<b>18.765</b>	<b>3,289.764</b>	
Gross Book Value c/f	1,355.130	1,212.216	212.047		17.223	16.089	18.765	2,831.470	**
Accumulated Depreciation c/f	-	(7.463)	(116.764)		-	-	-	(124.227)	**
Accumulated Impairment c/f	-	-	-		-	-	-	-	**
<b>NET BOOK VALUE AT 31 MARCH 2025</b>	<b>1,355.130</b>	<b>1,204.753</b>	<b>95.283</b>	<b>582.521</b>	<b>17.223</b>	<b>16.089</b>	<b>18.765</b>	<b>3,289.764</b>	

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

## Section 6 – Group Financial Statements and Notes

Restated 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	
Gross Book Value b/f	1,355.826	1,142.015	202.944		12.938	46.422	45.233	2,805.378	**
Accumulated Depreciation b/f	-	(5.907)	(104.621)		(5.931)	(0.043)	-	(116.502)	**
Accumulated Impairment b/f	-	-	-		-	-	-	-	**
<b>Net Book Value at 1 April 2023</b>	<b>1,355.826</b>	<b>1,136.108</b>	<b>98.323</b>	<b>555.520</b>	<b>7.007</b>	<b>46.379</b>	<b>45.233</b>	<b>3,244.396</b>	
Additions - Capital Expenditure	27.328	4.327	19.203	43.277	0.206	0.040	21.842	116.223	
Additions - PFI / VA School Recognition	-	0.221	-	1.124	-	-	-	1.345	
Depreciation Charge	(22.677)	(30.051)	(17.458)	(28.834)	5.931	(0.484)	-	(93.573)	
Revaluations - Recognised in Revaluation Reserve	5.171	100.217	-	-	-	(2.750)	-	102.638	
Revaluations - Recognised in the CIES	(23.558)	0.898	-	-	-	(2.106)	-	(24.766)	
Derecognition - Disposals	(15.911)	(9.836)	(3.856)	-	-	(0.249)	(0.002)	(29.854)	
Derecognition - Other	(5.275)	(1.483)	-	-	-	(0.040)	-	(6.798)	
Impairments - Recognised in the CIES	-	-	(0.018)	-	-	-	-	(0.018)	
Other Movements- Transfers to Held for Sale	2.400	-	-	-	-	(36.462)	-	(34.062)	
Other Movements	17.452	(16.864)	0.276	-	-	1.293	(17.728)	(15.571)	
<b>Net Book Value at 31 March 2024</b>	<b>1,340.756</b>	<b>1,183.537</b>	<b>96.470</b>	<b>571.087</b>	<b>13.144</b>	<b>5.621</b>	<b>49.345</b>	<b>3,259.960</b>	
Gross Book Value c/f	1,340.756	1,190.219	206.855		13.144	5.621	49.345	2,805.940	**
Accumulated Depreciation c/f	-	(6.682)	(110.385)		-	-	-	(117.067)	**
Accumulated Impairment c/f	-	-	-		-	-	-	-	**
<b>NET BOOK VALUE AT 31 MARCH 2024</b>	<b>1,340.756</b>	<b>1,183.537</b>	<b>96.470</b>	<b>571.087</b>	<b>13.144</b>	<b>5.621</b>	<b>49.345</b>	<b>3,259.960</b>	

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

### Highways Infrastructure Assets - Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022] 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. MHCLG have decided the override will be extended in England until 31 March 2029.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

### Right of Use Assets

The following table shows the change in the value of Right of Use Assets held under leases by the Group:

2024/25	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Total
	£m	£m	£m
<b>Balance as at 1 April 2024</b>	<b>0.418</b>	<b>32.710</b>	<b>33.128</b>
Additions	-	9.997	<b>9.997</b>
Depreciation and Amortisation	(0.131)	(4.329)	<b>(4.460)</b>
Disposals	-	(0.902)	<b>(0.902)</b>
Transfers	-	(0.861)	<b>(0.861)</b>
<b>Balance as at 31 March 2025</b>	<b>0.287</b>	<b>36.615</b>	<b>36.902</b>

The Right of Use Assets are included in the Property, Plant and Equipment note figures.

### 6.7.2.2 Investment Properties

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

	Restated 2023/24 £m	2024/25 £m
Opening Balance At 1 April	288.643	249.746
Additions	0.169	0.018
Disposals	(22.887)	(9.722)
Net gains/losses from fair value adjustments	(31.839)	0.352
Impairment	-	(0.685)
Transfers to / from Property Plant and Equipment	15.660	-
<b>CLOSING BALANCE AT 31 MARCH</b>	<b>249.746</b>	<b>239.709</b>



## Section 6 – Group Financial Statements and Notes

Where the Bridge Estate's fixed assets have been consolidated with the Council's it has been assumed that the properties class will remain as investment property upon consolidation.

### Fair Value Hierarchy

Details of the group's investment properties and information about the fair value hierarchy as at 31 March 2025 are as follows:

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2025 £m
Industrial	-	48.170	-	48.170
Land	-	30.967	2.725	33.692
Leisure / Other	-	31.262	2.155	33.417
Office	-	53.945	-	53.945
Retail	-	61.867	-	61.867
Services	-	8.618	-	8.618
<b>Total</b>	<b>-</b>	<b>234.829</b>	<b>4.880</b>	<b>239.709</b>

Details of the Fair Value hierarchy information are shown in note 4.4.3.

### 6.7.2.3 Short Term Debtors

	31 March 2024 £m	31 March 2025 £m
Prepayments	15.710	17.963
Local Taxation	22.721	23.149
Trade	61.841	46.345
Other receivable amounts	25.925	37.872
<b>TOTAL</b>	<b>126.197</b>	<b>125.329</b>

### 6.7.2.4 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises of the following elements:

	Restated 31 March 2024 £m	31 March 2025 £m
Cash held by the Authority / Group Organisation	0.272	0.108
Bank current accounts	50.486	51.122
Short-term deposits with banks and building societies	76.600	101.500
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>127.358</b>	<b>152.730</b>

### 6.7.2.5 Short Term Creditors

	31 March 2024 £m	31 March 2024 £m
Receipts in Advance	(30.195)	(34.005)
Trade	(104.354)	(86.424)
Other payables	(74.188)	(76.469)
<b>TOTAL</b>	<b>(208.737)</b>	<b>(196.898)</b>

### 6.7.2.6 Usable Reserves

Movements in the usable reserves are detailed in the MIRS (section 6.4.3).

### 6.7.2.7 Unusable Reserves

Unusable reserves have been created as a result of the difference between accounting under IFRS and statutory provisions. These reserves represent differences due to timing of funding certain items of expenditure and are, therefore, not available as a source of general funding. The unusable reserves also include the Council's share of profit and loss and other reserves of jointly controlled entities included in the group accounts.

	Restated 31 March 2024 £m	31 March 2025 £m
Revaluation Reserve	1,093.909	1,129.529
Capital Adjustment Account	1,257.629	1,240.374
Financial Instruments Adjustment Account	10.854	9.691
Pensions Reserve	(88.600)	(80.472)
Deferred Capital Receipts Reserve	1.041	1.041
Collection Fund Adjustment Account	2.985	5.179
Accumulated Absences Account	(5.553)	(5.553)
Called Up Share Capital	0.598	0.598
Minority Interest - Equity	0.746	0.855
<b>TOTAL</b>	<b>2,273.609</b>	<b>2,301.242</b>

## Section 6 – Group Financial Statements and Notes

### 6.7.3 Group Movement in Reserves Statement Notes

The following tables detail the adjustments between group accounts and authority accounts in the Group Movement in Reserves Statement:

2024/25	General Fund Balance	Total Usable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Total Reserves
	£m	£m	£m	£m	£m
Payments in relation to goods and services from subsidiaries	(9.022)	(9.022)	(9.022)	9.022	-
Grants and provisions for subsidiaries	(0.098)	(0.098)	(0.098)	0.098	-
Receipts in relation to goods and services provided to subsidiaries	4.910	4.910	4.910	(4.910)	-
Interest and investment income from/to subsidiaries	1.744	1.744	1.744	(1.744)	-
Contributions from subsidiaries	0.400	0.400	0.400	(0.400)	-
Other movements	-	-	-	0.001	0.001
<b>TOTAL ADJUSTMENTS</b>	<b>(2.066)</b>	<b>(2.066)</b>	<b>(2.066)</b>	<b>2.067</b>	<b>0.001</b>

2023/24	General Fund Balance	Total Usable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Total Reserves
	£m	£m	£m	£m	£m
Payments in relation to goods and services from subsidiaries	(7.970)	(7.970)	(7.970)	7.970	-
Receipts in relation to goods and services provided to subsidiaries	7.024	7.024	7.024	(7.024)	-
Interest and investment income from/to subsidiaries	0.008	0.008	0.008	(0.008)	-
Contributions from subsidiaries	0.571	0.571	0.571	(0.571)	-
Other movements	-	-	-	(0.903)	(0.903)
<b>TOTAL ADJUSTMENTS</b>	<b>(0.367)</b>	<b>(0.367)</b>	<b>(0.367)</b>	<b>(0.536)</b>	<b>(0.903)</b>

### 6.7.4 Group Cash Flow Notes

#### 6.7.4.1 Operating Activities

The cash flows for operating activities include the following items:

	2023/24 £m	2024/25 £m
Interest received	17.513	12.150
Interest paid	(44.162)	(36.746)
Dividends received	0.673	1.281
Dividends paid	(0.289)	(0.552)

### 6.7.4.2 Investing Activities

	Restated 2023/24 £m	2024/25 £m
Purchase of property, plant and equipment, investment property and intangible assets	(116.202)	(78.569)
Purchase of short-term and long-term investments	(75.596)	-
Other payments for investing activities	(90.334)	(133.591)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	62.248	70.078
Proceeds from the sale of short-term and long-term investments	7.643	6.235
Other receipts from investing activities	205.422	264.827
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(6.819)</b>	<b>128.980</b>

### 6.7.4.3 Financing Activities

	Restated 2023/24 £m	2024/25 £m
Other receipts for financing activities	5.207	4.909
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(17.617)	(11.089)
Repayments of short and long-term borrowing	(75.119)	(58.924)
Other financing activities - Council Tax and NNDR adjustments	6.591	0.262
Other payments for financing activities	(2.139)	(22.544)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(83.077)</b>	<b>(87.386)</b>

### 6.7.4.4 Reconciliation of Liabilities arising from Financing Activities

	Financing			
	1 April 2024	cash outflows (inflows)	Acquisition	31 March 2025
	£m	£m	£m	£m
Long-term borrowings	(767.693)	56.427	-	(711.266)
Short-term borrowings	(36.779)	2.273	-	(34.506)
Lease liabilities	(23.722)	4.037	(6.157)	(25.842)
On balance sheet PFI liabilities	(144.485)	(12.551)	-	(157.036)
Other	(1.756)	(0.100)	-	(1.856)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(974.435)</b>	<b>50.086</b>	<b>(6.157)</b>	<b>(930.506)</b>

## Section 6 – Group Financial Statements and Notes

	Financing			Restated 31 March 2024
	1 April 2023	cash outflows (inflows)	Non-cash changes Other	
	£m	£m	£m	
Long-term borrowings	(843.157)	75.381	0.083	(767.693)
Short-term borrowings	(35.740)	(1.039)	-	(36.779)
Lease liabilities	(26.663)	5.556	(2.615)	(23.722)
On balance sheet PFI liabilities	(156.516)	12.720	(0.689)	(144.485)
Other	(1.681)	(0.075)	-	(1.756)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(1,063.757)</b>	<b>92.543</b>	<b>(3.221)</b>	<b>(974.435)</b>

# Section 7

## PENSION SCHEMES

### 7.1 Defined Benefit Pension Schemes accounted for as Defined Contribution Schemes

#### 7.1.1 Teachers' Pension Scheme

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has more than of 12,600 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £9.070m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2023/24 were £7.126m representing 23.68% of pensionable pay. The employer contribution includes a levy of 0.08% for administration.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Scheme. These costs are accounted for on a defined benefit basis and shown under past service costs/gains in section 7.2.1 below. The teacher's benefits arrangements have no assets to cover its liabilities.

The Council is not liable to the scheme for any other entities obligations under the plan.

#### 7.1.2 NHS Pension Scheme

Public Health employees who transferred into the Council from Nottingham City PCT on 01 April 2013 are members of the NHS Pension Scheme. The NHS Pension Scheme is administered by NHS Business Services Authority.

On 1 April 2015 a new NHS Pension Scheme was introduced. The new scheme covers all former members of the 1995/2008 Scheme not eligible to continue in that Scheme as well as new NHS employees on or after 1 April 2015. The 2015 Scheme is a Career Average Revalued Earnings Scheme, with benefits based on a proportion of pensionable earnings each year during your career.

From 1 April 2022, all active members of the NHS Pension Scheme, regardless of their age, are now members of the 2015 NHS Pension Scheme. The 1995/2008 Scheme closed on 31 March 2022 and all future accruals from 1 April 2022 are now within the 2015 Scheme.

## Section 7 – Pension Schemes

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Members will keep the pension benefits they have accrued in the 1995/2008 Scheme before 1 April 2022 and will be able to access these benefits in the same way and at the same time as they can now.

The scheme is an unfunded defined benefit occupational scheme with the benefits underwritten by the Government. The scheme is not designed to be run in a way that would enable NHS bodies / local authorities to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Council is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme receives contributions from employers and employees to defray the costs of pensions and other benefits. The costs of the scheme are determined by the Government and also the scheme actuary who performs periodic valuations of the scheme to determine how much needs to be paid in to provide the benefits paid out. These costs are shared between the NHS employers and the scheme members.

The employer contribution rate for the period 1 April 2024 to 31 March 2025 is 23.78% (inclusive of the 0.08% administration charge) of pensionable pay.

The employer contribution rate is set through a process known as the scheme valuation. A scheme valuation is carried out every four years and it measures the full cost of paying pension benefits (to current pensioners). The most recent 2020 scheme valuation identified the need to increase the employer contribution from 20.6% to 23.7% (3.1% increase) from 1 April 2024.

The next actuarial valuation is due with an effective date of 31 March 2024 and is due to commence in 2025. Changes to employer contribution rates as a result of the 2024 valuation are expected to take effect from April 2027.

Employers are required to pay a scheme administration levy, in addition to the employer contribution rate, to cover the cost of the scheme administration. This levy is 0.08% of pensionable pay and is collected at the same time and in the same way as normal employer contributions. In practical terms, this means employers will pay 23.78% of pensionable pay.

For 2024/25 the Council was responsible for paying 14.38% of contributions. The Council also paid some of the increase in costs foreseen in Budget 2016 which equated to a 2.5% increase in employer contributions, plus an additional increase of 3.1% in the contribution rate since 2023/24. The remaining 3.8% constituting unforeseen costs were funded by the Government.

In 2024/25 the Council's 14.38% contribution to the Scheme was £0.028m (2023/24 £0.030m).

The employee contributions are on a tiered scale from 5.2% to 12.5% of their pensionable pay.

If the scheme operates with a surplus of cash outflow, due to income exceeding the payments made, the surplus is returned to HM Treasury during the following financial year. If payments exceed income within a financial year, or the scheme requires funds to maintain a level of cash flow to make payments the balance of the funding required is requested from parliament through the annual Supply Estimates process.

As the scheme is unfunded, liabilities are underwritten by the Exchequer.



## 7.2 Defined Benefit Pension Scheme

### 7.2.1 Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website ([www.lgpsregs.org/](http://www.lgpsregs.org/)) and the Fund's membership booklet ([www.lgpsmember.org/](http://www.lgpsmember.org/)).

The administering authority for the Fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottinghamshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These are amended when appropriate based on the Fund's performance and funding.

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The last valuation of the Fund was carried out as at 31 March 2022 and set contributions for the period from 1 April 2023 to 31 March 2026. The next valuation is expected to be carried out as at 31 March 2025. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The results of the Actuary Report for 2024/25 have been based on the 31 March 2022 valuation.

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

**Investment risk:** The Fund may hold investment in asset classes, such as equities, which have volatile market values and whilst these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

**Interest rate risk:** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

**Inflation risk:** All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

**Longevity risk:** In the event that the members live longer than assumed a deficit will emerge in the Fund. This may be mitigated by a longevity insurance contract if held by the Fund. There are also other demographic risks.

**Climate risk:** Climate risk can be grouped into two categories; Physical and Transitional risks. Physical risks are direct risks associated with an increased global temperature such as heatwaves and rising sea levels. Transitional risks are the of transitioning to a low carbon economy. These risks will manifest themselves in many of the other risks detailed above which the Fund is exposed to, for example investment returns may be affected.

**Regulatory risk:** Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.

**Orphan risk:** As many unrelated employers participate in each Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that Fund. Changes in the funding level of the LGPS Fund's orphaned liabilities could result in asset experience passed onto the Council following a full valuation update.

All of the risks above may also benefit the Council e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

### **McCloud and Sargeant Judgments**

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

### **Goodwin Case**

The Actuary have not made any adjustments to accounting valuations as a result of the Goodwin case.

### **Impact of Lloyds Judgement on Past Transfer Values**

The latest news on the Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member's right to equalised benefits and remains liable if an inadequate transfer payment had been paid.

It is not yet known if, or how, this will affect the LGPS. Further guidance from CIPFA and MHCLG is expected on this. The Actuary have not made any allowance to reflect this judgement.

### **GMP Indexation Consultation Response**

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The Actuary's standard assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we assume that the Fund will be required to pay the entire inflationary increase. Therefore, the Actuary's assumption is consistent with the consultation outcome and they do not believe they need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

### **Virgin Media Case**

#### *Court of Appeal's 25th July 2024 Ruling*

In very broad terms, the background to this case is that where the rules of a contracted-out defined benefit scheme were amended, the Scheme Actuary would provide a "section 37" confirmation that the scheme continues to meet the contracting-out

requirements. The original court case in June 2023 decided that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located).

#### *LGPS considerations*

For the LGPS, the Scheme Actuary is the Government Actuary's Department (GAD). GAD is currently reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board are liaising with GAD on whether the relevant certificates were available for past scheme changes.

The most recent LGPS Bulletin 257 - Nov 2024 states that HM Treasury is currently assessing the implications for all public service pension schemes, however, HM Treasury do not believe the Virgin Media case expressly addresses whether confirmation is required for public service pension schemes. The Actuary understand their view to be that the relevant amendments in the LGPS would have been made by legislation – and therefore would remain valid until revoked or repealed by subsequent legislation or declared void by a court.

The Actuary's view is that at this point in time there remains insufficient information to assess the potential impact, so they are unable to quantify it.

#### **Projected Pension Expense**

The projected pension expenses for the year to 31 March 2026 are as follows:

	LGPS 31 March 2026 £m	Teachers Unfunded Benefits £m
Service cost	26.270	-
Net interest on the defined liability (asset)	2.154	1.119
Administration expenses	0.872	-
<b>Total loss / (profit)</b>	<b>29.296</b>	<b>1.119</b>
<b>Employer Contributions</b>	<b>44.554</b>	<b>-</b>

These projections are based on the assumptions as at 31 March 2025. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025.

#### **Actuarial Methods and Assumptions**

Both the Local Government Pension Scheme and Teachers Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, with estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022 and using financial assumptions that comply with IAS19.

#### **Valuation Data - Data Sources**

In completing the calculations for pensions accounting purposes the actuary has used the following items of data, which they received from Nottinghamshire County Council and the Council:

- Results of the latest valuation as at 31 March 2022
- Results of the previous IAS19 report (v2) as at 31 March 2024

## Section 7 – Pension Schemes

- Fund asset statement as at 31 March 2025
- Fund income and expenditure items to 31 March 2025
- Employer income and expenditure items to 31 March 2025
- Details of any new unreduced early retirement payments to 31 March 2025
- Details of any settlements to/from the Employer for the period to 31 March 2025

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and the data is within tolerances for the purposes of the Actuary report. Although some of the data items have been estimated, they are not likely to have a significant effect on the results. The Actuary is not aware of any significant changes or events since they received the data.

### Employer Membership Statistics

The following table summarises the membership data as at 31 March 2022 from the latest valuation for members receiving funded benefits, and as at 31 March 2020 for any members receiving unfunded benefits.

Local Government Pension Scheme			
	Number	Salaries / Pensions £m	Average Age (salary / pension weighted)
Actives	7,624	157.858	46
Deferred Pensioners	15,098	18.960	51
Pensioners	8,606	40.079	71
Unfunded Pensioners	686	0.653	81

Teachers Unfunded Benefits			
	Number	Pensions £m	Average Age
Unfunded Pensioners	2,395	2.176	74

### Employer Payroll

The total pensionable payroll and projected payroll for the Council is as follows:

Estimated payroll for the year to 31 March 2025 £220.236m

Projected payroll for the year to 31 March 2026 £220.236m

This has been used to calculate the service cost and projected service cost respectively.

### Scheduled Contributions

The following table summarises the minimum employer contributions due from the Council to the Fund over this inter-valuation period. The Council may pay further amounts at any time. Future contributions may be adjusted on a basis approved by the Actuary.

	Primary rate	Secondary rate for period beginning:			Minimum employer contributions due for the period beginning:		
		1 Apr 2023	1 Apr 2024	1 Apr 2025	1 Apr 2023	1 Apr 2024	1 Apr 2025
Percent of Payroll	18.5%	0.0%	0.0%	0.0%	18.5%	18.5%	18.5%
plus monetary amounts £m		6.810	5.380	3.810	6.810	5.380	3.810

### Funding Approach

The Council currently participates in the Nottingham City Council pool with other employers.

### Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2025 is calculated to be 3.78% based on the Fund asset statements and fund cashflows.

The Council's share of the assets of the Fund is approximately 24.67%.

The estimated asset allocation for the Council at 31 March 2024 and 31 March 2025 is as follows (noting that due to rounding they may not total 100%):

	Local Government Pension Scheme			
	31 March 2024		31 March 2025	
	£m	%	£m	%
Public Equities	1,051.360	60%	928.138	52%
Gilts	41.630	2%	148.676	8%
Other Bonds	86.246	5%	115.181	6%
Property	184.816	11%	183.541	10%
Cash / Temporary Investments	104.668	6%	97.503	5%
Inflation Plus	88.432	5%	123.855	7%
Infrastructure	125.688	7%	131.201	7%
Private Equities	55.674	3%	62.330	3%
<b>TOTAL</b>	<b>1,738.514</b>	<b>100%</b>	<b>1,790.425</b>	<b>100%</b>

The following table sets out the percentages of the Fund's assets held in each asset class at 31 March 2025 (split by those that have a quoted market price in an active market, and those that do not).

## Section 7 – Pension Schemes

Asset Breakdown		31 March 2025	
		% Quoted	% Unquoted
Fixed Interest Government Securities:			
	UK	3%	-
Index Linked Government Securities:			
	UK	5%	-
Corporate Bonds:			
	UK	2%	-
	Overseas	5%	-
Equities:			
	UK	15%	0%
	Overseas	37%	-
Property		-	10%
Private Equity		-	3%
Infrastructure		-	7%
Unit Trust Inflation Linked		-	7%
Credit		-	3%
Cash/Temporary Investments		-	2%
Net Current Assets - Debtor		-	0%
Net Current Assets - Creditors		-	-0%
<b>TOTAL</b>		<b>67%</b>	<b>33%</b>

### Valuation Approach

To assess the value of the Council's liabilities at 31 March 2025, the value of the Council's liabilities calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions compliant with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

The projected unit method (PUM) is used to calculate the future service cost. For accounting valuations, the control period is set to one year.

It is not possible for the Actuary to assess the accuracy of the estimated value of liabilities as at 31 March 2025 without completing a full valuation. However, they are satisfied that the approach of rolling forward the previous valuation data to 31 March 2025 should not introduce any undue distortions in the results provided that the actual experience of the employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information they have received there appears to be no evidence that this approach is inappropriate.

Where members have been granted unreduced retirement on the grounds of redundancy or efficiency, an additional strain is placed on the liabilities. The additional strain is calculated and is allowed for as a curtailment cost.



Where employees are known to have transferred their employment to or from the Council during the accounting period, an allowance is made for the transfer of assets and liabilities as a settlement event.

To calculate the asset share for an individual employer, the Actuary roll forward the assets allocated to each employer at the latest valuation date allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the employer and its employees.

The Actuary also make an allowance for administration expenses which are paid in respect of the Fund. For purposes of the calculations, the administration expenses are distributed amongst the employers in the fund in proportion to their individual asset shares.

Asset returns can be very volatile from year to year and will vary by LGPS Fund.

A typical LGPS fund might have achieved a return of around 3% for the period from 31 March 2024 to 31 March 2025. This is based on a Fund investing 75% in equities, 5% in gilts and 20% in corporate bonds. This could vary considerably depending on each Fund's investment strategy.

If the actual asset return for the Fund over the year is lower than the previous discount rate, this will result in an actuarial gain on the assets, strengthening the overall position.

### **Asset Ceilings**

The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling".

The Actuary's default approach for all employers will be to allow for an asset ceiling. For employers accounting under IAS19, the calculation will be based on their interpretation of IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

IFRIC 14 itself is open to multiple interpretations and, since the last accounting date, auditors' preferences have been evolving and have only recently coalesced around a generally preferred approach. Guidance was also released from CIPFA dated November 2023 regarding their interpretation of IFRIC 14's applicability in the LGPS. In light of these developments, the Actuary have adopted the below methodology as standard:

The Actuary's calculations assume that:

- There is no unconditional right to a refund of surplus, as such a payment would be at the discretion of the relevant LGPS fund.
- The appropriate time horizon to consider for calculating the economic benefit associated with potential reductions in future contributions will depend on the type of body and the nature of any applicable admission agreement:
  - If the employer is a scheduled body, or an admission body which is open to new members with no anticipated contract end date, the Actuary will assume they will participate indefinitely. Their calculations will therefore assess the cost of future accrual, and contributions payable in respect of future accrual, in 'perpetuity'.



- If the employer is an admission body which is closed to new members, the appropriate time horizon to consider will be the shorter of any anticipated contract end date and the average future working lifetime of active members. Their calculations will therefore assess the cost of future accrual, and contributions payable in respect of future accrual, with reference to an annuity corresponding to this period.
- If the employer is currently already receiving a reduction in contributions in respect of a funding surplus, these will be deducted from the contributions that would otherwise be required to be paid towards the cost of future accrual, for so long as that reduction is expected to remain in force.
- The Actuary's default view is that administration expenses are assumed to grow in line with salary inflation and are deductible from any economic benefit when determining if an accounting asset can be recognised.
- For employers reporting under IAS19 only, any requirement to make contributions towards a funding deficit is considered as an additional minimum liability. The time horizon for assessment of the additional minimum liability is the deficit recovery period used to determine the level of secondary contributions certified.

The impact of the asset ceiling on the Council's net defined benefit liability position is detailed in section 4.4.14.

### **Assumptions**

#### Demographic assumptions:

The Actuary's standard approach is to use demographic assumptions in line with the latest actuarial valuation.

The key demographic assumption is the mortality assumption and there are two main steps in setting this assumption:

- Making a current assumption of members' mortality (the base mortality); and
- Projecting these current mortality rates into the future, allowing for further potential improvements in mortality. Future members' mortality is almost impossible to predict and therefore there is a lot of judgement involved and the Actuary naturally have to refine their view on this over time.

The base table mortality assumptions adopted for the Funds' latest triennial funding valuations were best estimate assumptions and therefore the Actuary used the same assumptions, as standard for accounting.

For employers participating in an English Fund, the last actuarial valuation was at 31 March 2022. The next triennial valuation date is at the accounting date 31 March 2025. The results of the 2025 valuation have not been finalised at the time of preparing the Actuary reports for the year ending 31 March 2025, nor assumptions agreed with the relevant LGPS Fund. An update to base mortality tables will follow next year as part of the 31 March 2026 reporting.

To project future improvements in mortality, the Actuary use a model prepared by the Continuous Mortality Investigation Bureau (CMI). The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

The CMI have released the 2023 version of their model. The Actuary have updated their mortality assumptions based on the 2023 model. This represents a change from the last accounting date when the 2022 version of the model was used for most

employers. The latest version of the core model places no weight on the exceptional mortality experienced during 2020 and 2021 as a result of the Covid pandemic but places some reliance on mortality data that has been observed since. Specifically, a weighting of 15% is applied to mortality in the 2022 and 2023 years' data. The impact of updating the model is expected to be a slight reduction in life expectancies for all employers, largely reflecting the heavier than average mortality that was experienced during 2022 and 2023.

Details of the post-retirement mortality assumption are set out below:

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
<b>Post Retirement Mortality</b>				
Base table	S3PA	S3PA	S3PA	S3PA
Multiplier (MF)	115% / 110%	115% / 110%	115% / 110%	115% / 110%
Future improvements model	CMI_2022	CMI_2023	CMI_2022	CMI_2023
Long-term rate of improvement	1.25% p.a.	1.25% p.a.	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0	7.0	7.0
Initial addition parameter	0.0% p.a.	0.0% p.a.	0.0% p.a.	0.0% p.a.
2020 weight parameter	0%	0%	0%	0%
2021 weight parameter	0%	0%	0%	0%
2022 weight parameter	25%	15%	25%	15%
2023 weight parameter	n/a	15%	n/a	15%

The assumed life expectations from age 65 are:

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
<b>Life expectancy from age 65 (years):</b>				
Retiring today:				
Males	20.4	20.4	20.4	20.4
Females	23.3	23.3	23.3	23.3
Retiring in 20 years:				
Males	21.7	21.7	n/a	n/a
Females	24.7	24.7	n/a	n/a

The estimated Macaulay duration of the Council's liabilities as at the accounting date using the assumptions set out above is 16 years.

Other key demographic assumptions are:

- Commutation - Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations.
- Normal Retirement - Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- 50:50 take up - The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same

## Section 7 – Pension Schemes

This is in line with the assumption adopted for the Fund's latest actuarial valuation.

### Financial assumptions:

The key financial assumptions required for determining the defined benefit obligation for accounting are the discount rate, linked to high quality corporate bond yields, and the rate of future inflation.

The Actuary set out their standard approach to the derivation of these assumptions and sample assumptions using market conditions at 31 March 2025.

The financial assumptions used for the purpose of IAS19 calculations are shown in the following table:

	Local Government Pension			Teachers Unfunded Benefits		
	Scheme					
	31 March	31 March	31 March	31 March	31 March	31 March
	2023	2024	2025	2023	2024	2025
	p.a.	p.a.	p.a.	p.a.	p.a.	p.a.
<b>Financial Assumptions:</b>						
Discount rate	4.80%	4.90%	5.85%	4.80%	4.80%	5.55%
Pension increases (CPI)	2.90%	2.90%	2.90%	2.85%	2.95%	3.00%
RPI Inflation	3.25%	3.20%	3.20%	3.45%	3.45%	3.45%
Salary increases	3.90%	3.90%	3.90%	-	-	-

Projected unit method is used in the calculations.

For the LGPS the Actuary have allowed for actual ONS CPI inflation observed between March 2024 and March 2025. This is reflected in the Experience loss/gain on defined benefit obligation figure in the results.

For the Teachers Unfunded Benefits the Actuary have allowed for actual ONS CPI inflation observed between February 2024 and February 2025. This is reflected in the Experience loss/gain on defined benefit obligation figure in the results.

### Discount rate:

Under the IAS19 standard the discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The Actuary's standard approach to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology.

The Actuary use sample cashflows for employers at each year and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate).

These sample cashflows are prepared by the Actuary on a triennial basis. Employers are grouped together into 'maturity brackets' based on the duration of their future cashflows. Each maturity bracket is linked to a term on the yield curve, up to the 30 year point, resulting in 30 sets of sample cashflows. All employers in the same maturity bracket share the same set of sample cashflows which is used at each accounting date to set the relevant financial assumptions.

In carrying out this derivation they use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point.

The new yield curve at the accounting date is used to discount the sample cashflows to calculate a single equivalent discount rate proposed for use in the employer's accounting valuation.

The sample cashflows are used to set the assumption used, however when calculating the change in financial assumption item on the employer's balance sheet the Actuary discount the employer's unique cashflow profile with the new single equivalent discount rate. The impact of a change in the discount rate compared with the previous accounting date will therefore vary by employer depending on their own unique cashflow profile. Individual employer cashflow profiles were derived as at the last valuation date and are assumed to remain unchanged between triennial actuarial valuations.

All else being equal, a higher discount rate will result in a lower value being placed on the defined benefit obligation and an improvement in the overall position.

The impact of a change in the discount rate compared with the previous accounting date will vary by employer depending on their own unique cashflow profile. Cashflow profiles were derived at the last full triennial valuation date and are assumed to remain unchanged since then.

The table below gives details of the estimated impact of a change in the discount rate for employers with different levels of maturity. As a general guide:

- Employers may be considered "Very Mature" if they have a liability duration under 10 years at the accounting date.
- Employers may be considered "Mature" if they have a liability duration of between 10 and 20 years at the accounting date.
- Employers may be considered "Immature" if they have a liability duration over 20 years at the accounting date.

Maturity	Discount Rate		Estimated impact of change on liabilities
	31 March 2024	31 March 2025	
Very Mature	4.65% to 4.80%	5.15% to 5.60%	Decrease of 2% to 7%
Mature	4.80% to 4.95%	5.60% to 5.85%	Decrease of 7% to 16%
Immature	4.95%	5.85% to 5.95%	Decrease of 16% to over 22%

*Assumptions are rounded to the nearest 0.05%.*

Please note this is illustrative only. The actual effect of the change in the discount rate assumption will depend on each employer's membership and the assumption to be adopted this year compared to last year.

#### Inflation expectations:

Whilst the change in corporate bond yields is an important factor affecting the valuation of the liabilities, so too is the assumed level of future inflation as this determines the rate at which the benefits increase.

IAS19 suggests that in assessing future levels of long-term inflation, the Actuary should use assumptions that would result in a best estimate of the ultimate cost of providing benefits whilst also giving consideration to the gilt market (in line with general price levels) to give an indication of market expectation.

## Section 7 – Pension Schemes

Pension increases in the LGPS are expected to be based on the Consumer Prices Index (CPI). To derive the CPI assumption, the Actuary first make an assumption for the Retail Price Index (RPI) then make an adjustment.

### Allowance for Inflation Experience:

The Actuary's default approach is to allow for actual pension increases which will apply at the accounting date as confirmed by the HM Treasury Order. In addition, they allow for actual inflation experience from September 2024 to the most recent known date available. Any difference between this and the pension increase previously assumed will give rise to an experience item.

For most employers, an allowance for the 2024 pension increase was made when preparing their 2024 year-end accounting balance position. In addition, the Actuary have allowed for actual ONS CPI inflation experience from September 2023 (the month that determines the 2024 pension increase order) to 31 March 2024, or the most recent available data at the time the 2024 year-end report was prepared.

The inflation experience to 31 March 2025 will allow for ONS CPI inflation observed over the year to 31 March 2025, or based on the latest data available when the report is prepared.

The CPI inflation observed from the last accounting date to the most recent data available has been slightly lower than the long-term inflation rate assumed for a typical LGPS employer over the same period. Therefore, allowing for recent inflation is expected to slightly improve the balance sheet position for most employers.

### Retail Prices Index (RPI) assumption:

Similar to the SEDR approach described above, the Actuary adopt a Single Equivalent Inflation Rate (SEIR) approach in deriving an appropriate RPI assumption.

The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation) as that resulting from applying the Bank of England implied inflation curve. The Bank of England implied inflation curve is assumed to be flat beyond the 40 year point, and flat over the initial short-end period up to the 3 year point.

Consistent with past periods, the Actuary's view remains that gilt-implied inflation rates are distorted by supply and demand factors at medium and longer terms. They have therefore allowed for an Inflation Risk Premium (IRP) which varies by the term of the employer's liabilities with the resulting assumption falling between 0.0% p.a. and 0.25% p.a. (for terms ranging from 1 year up to 30 years).

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and the Actuary use the sample cashflows for employers at each duration year (from 1 to 30 years) in deriving the assumptions for employers.

RPI assumptions under the three maturity scenarios are set out in the table below and based on market conditions at 31 March 2025, with the equivalent 31 March 2024 SEIRs (based on the Actuary's standard derivation at that time) also shown for comparison:

Maturity	RPI Inflation	
	31 March 2024	31 March 2025
Very Mature	3.45% to 3.75%	3.35% to 3.70%
Mature	3.15% to 3.45%	3.10% to 3.35%
Immature	3.10% to 3.15%	3.05% to 3.10%

Difference between RPI and CPI:

It is expected that CPI will be on average 1.0% p.a. lower than RPI for the period up to 2030. The Actuary have therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030 and will be in line with market-implied inflation from the Bank of England inflation curve thereafter. This results in an assumed gap between the two inflation measures of between 0.20% p.a. and 0.70% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years).

While the Actuary recognise that post-2030, implied inflation will represent CPIH (i.e. including housing costs), and historically CPIH has (on average) been around 0.1% pa above the rate of CPI, the Actuary understand that since 2003 CPI has actually been slightly higher than CPIH, rather than lower. Based on the composition of the two indices before the ONS announcement in December 2023, the Actuary do not believe there was a compelling argument for the two indices to differ (on average) in the long term. They therefore take the post-2030 market implied inflation as their CPI assumption directly, making no allowance for any potential CPI-CPIH difference.

Consumer Price Index (CPI) assumption:

Using a similar approach described to calculate the SEIR for the RPI assumption, the Actuary have calculated a single equivalent rate of CPI increase that results in the same liability value as would be calculated by applying the implied CPI curve.

Since market expectations remain similar to the previous year, all else equal, balance sheets are expected to remain unchanged from the previous year. Some employers may see a small improvement to the balance sheet.

The table below sets out the assumed pension increase (CPI) assumptions under the three maturity scenarios, as well as the estimated effects due to the change in the inflation assumption from last year's standard assumption to this year's:

Maturity	CPI Inflation		Estimated impact of change on liabilities
	31 March 2024	31 March 2025	
Very Mature	2.95%	2.90% to 3.00%	Neutral
Mature	2.85% to 3.00%	2.85% to 2.95%	Decrease of 1% to Increase of 2%
Immature	2.85% to 2.90%	2.85% to 2.90%	Decrease of 1% to Increase of 1%

*Assumptions are rounded to the nearest 0.05%.*

Please note this is illustrative only. The actual effect of the change in the pension increase assumption will depend on each employer's membership and the assumption to be adopted this year compared to last year.

Salary increases:

The Actuary have adopted the standard approach to salary increases which is line with the latest actuarial valuation.

Overall impact of changes to financial assumptions:

The effect of the changes in the financial assumptions on an employer's liabilities are dependent on the assumptions adopted as well as the specific duration of the employer's liabilities. Typically, employers with greater liability durations are more sensitive to changes in financial assumptions as benefits will be paid over a longer term. The following table describes the estimated effects for employers based on assumptions derived as at 31 March 2025 under the three maturity scenarios:



## Section 7 – Pension Schemes

Maturity	Estimated effect of change in financial assumptions on employer's liabilities
Very Mature	Decrease of 2% to 7%
Mature	Decrease of 7% to 17%
Immature	Decrease of 17% to over 23%

Based on market conditions at 31 March 2025, employers will see the value of their defined benefit obligation decrease due to a significant increase to corporate bond yields since 31 March 2024. However, the extent of this will depend on each employer's membership profile, cashflows over the year, experience and any bespoke assumptions or approaches.

### Special Events Dates

When determining any past service cost or gain or loss on settlement IAS19 requires that the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. Common events for LGPS employers that this may apply to include outsourcings and unreduced early retirements.

The Council's assets and defined benefit obligation have been remeasured throughout the accounting period at one or more settlement/curtailment event dates, in line with the requirements under IAS19. Additional calculations are required to determine the cost before and after each event, and to rebase the standard roll forward approach on updated assumptions based on each event date. The financial assumptions used to calculate the results at each remeasurement date are set out below. These have been derived consistently with the assumptions adopted at 31 March 2024.

Remeasurement Date	Discount Rate % p.a.	Pension Increases (CPI) % p.a.	Real Discount Rate % p.a.
31 March 2024	4.90%	2.90%	2.00%
4 May 2024	5.25%	2.95%	2.30%
26 May 2024	5.20%	3.00%	2.20%
1 July 2024	5.30%	2.90%	2.40%
7 July 2024	5.15%	2.85%	2.30%
10 July 2024	5.15%	2.85%	2.30%
4 August 2024	5.00%	2.85%	2.15%
6 August 2024	5.05%	2.85%	2.20%
12 August 2024	5.10%	2.85%	2.25%
19 August 2024	5.05%	2.85%	2.20%
20 August 2024	5.00%	2.80%	2.20%
26 August 2024	5.00%	2.80%	2.20%
30 August 2024	5.10%	2.80%	2.30%
2 September 2024	5.15%	2.80%	2.35%
4 September 2024	5.05%	2.80%	2.25%
30 September 2024	5.15%	2.85%	2.30%
6 October 2024	5.20%	2.95%	2.25%
24 October 2024	5.25%	2.95%	2.30%
3 December 2024	5.25%	2.85%	2.40%
20 December 2024	5.50%	2.90%	2.60%
31 December 2025	5.55%	2.90%	2.65%
31 March 2025	5.85%	2.90%	2.95%

### Past Service Costs

Past service costs arise if member benefits are introduced, withdrawn or changed. For example, an award of additional discretionary benefits such as added years by a member would be considered a past service cost. The actuary is not aware of any additional benefits which were granted over the year ending 31 March 2025.



## Curtailments

The cost of curtailments is calculated as a result of the payment of unreduced pensions on early retirement only. The Council will also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, the actuary has only calculated the cost of curtailments which affect the Council's LGPS pension liabilities. The cost of curtailments is calculated at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, 35 former Council employees became entitled to unreduced early retirement benefits under the LGPS. The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £2.322m. This figure has been included within the service cost.

## Settlements

As a result of some members transferring into / out of the Council over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised loss of this settlement is £0.012m. This figure has been included within service cost.

The following table sets out the settlement events allowed for:

Settlements In / (Out)	Transfer Date	Assets Transferred £m	Liabilities Transferred £m	Treated as special event?	Report Date
Employer transferred from					
Aspens Services Limited	4 May 2024	(0.099)	(0.087)	Yes	10/09/2024
<b>TOTAL</b>		<b>(0.099)</b>	<b>(0.087)</b>		

## Sensitivity Analysis

The sensitivity analysis below focuses on four assumptions – discount rate, long term salary increase, inflation (which is used to determine pension increases and deferred revaluation) and mortality.

	Local Government Pension Scheme					Teachers Unfunded Benefits		
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Adjustment to discount rate:</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	1,404.611	1,487.655	1,509.690	1,532.266	1,628.347	21.113	21.271	21.431
Projected service cost	21.705	25.298	26.270	27.274	31.635	-	-	-
<b>Adjustment to long term salary increase:</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>	-	-	-
Present value of total obligation	1,517.717	1,511.271	1,509.690	1,508.121	1,501.965	-	-	-
Projected service cost	26.270	26.270	26.270	26.270	26.270	-	-	-
<b>Adjustment to pension increases and deferred revaluation:</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	1,623.314	1,531.318	1,509.690	1,488.578	1,409.008	21.435	21.271	21.109
Projected service cost	31.850	27.316	26.270	25.258	21.511	-	-	-
<b>Adjustment to life expectancy assumptions:</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>			<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	1,560.641	1,509.690	1,460.633			22.087	21.271	20.486
Projected service cost	27.233	26.270	25.329			-	-	-

## How has the balance sheet changed over the year?

The change in the balance sheet position over the year is dependent on the following key variables. The following table details the approximate impact on the balance sheet:

## Section 7 – Pension Schemes

Variable / assumption	Impact on balance sheet?	Comments
Asset returns	Worsen	Asset returns for a typical LGPS fund have been lower than the discount rate assumed at the previous accounting date which will worsen the balance sheet position. Please note that actual returns will vary between different LGPS funds.
Discount rate	Improve	Discount rates have increased for all employers which will improve the balance sheet position.
Inflation	Fairly Neutral / Worsen	Future inflation assumptions have remained relatively unchanged. Some employers may see a small worsening of the balance sheet position.
Allowance for inflation experience	Improve	CPI inflation observed between March 2024 and December 2024 has been lower than the rate of CPI inflation assumed over the same period. For employers who allowed for observed inflation up to the previous accounting date, allowing for observed inflation up to the current date is likely to improve the balance sheet position.
Mortality	Improve	The Actuary have updated their mortality assumptions to adopt the 2023 Continuous Mortality Investigation (CMI) 2023 core projections model. The impact of this will be a further small reduction to life expectancies and improvement in the balance sheet position.
Overall	Improve	Overall, the Actuary expect the balance sheet position to improve compared to last year.

These general principles are based on an average employer in an average Fund with a duration of 20 years. The actual effect of the change in these variables and assumptions will depend on each employer's individual circumstances.

In terms of the net defined benefit liability, the council's balance sheet position has improved compared to the previous year (see section 4.4.14 for further information).

# Section 8

## ABBREVIATIONS/GLOSSARY

### 8.1 Abbreviations

<b>BID</b>	-	Business Improvement District
<b>BSF</b>	-	Building Schools for the Future
<b>CIES</b>	-	Comprehensive Income and Expenditure Statement
<b>CFR</b>	-	Capital Financing Requirement
<b>DLUHC</b>	-	Department for Levelling Up, Housing and Communities
<b>DSG</b>	-	Dedicated Schools Grant
<b>EFA</b>	-	Expenditure and Funding Analysis
<b>EMSS</b>	-	East Midlands Shared Services
<b>HRA</b>	-	Housing Revenue Account
<b>IBNR</b>	-	Incurred but not yet Reported
<b>IAS</b>	-	International Accounting Standard
<b>IFRS</b>	-	International Financial Reporting Standards
<b>ISB</b>	-	Individual Schools Budget
<b>LGPS</b>	-	Local Government Pension Scheme
<b>LIFT</b>	-	Local Improvement Finance Trust
<b>LCC</b>	-	Leicestershire County Council
<b>MHCLG</b>	-	Ministry of Housing, Communities and Local Government
<b>MIRS</b>	-	Movement in Reserves Statement
<b>MTFO</b>	-	Medium Term Financial Outlook
<b>MTFP</b>	-	Medium Term Financial Plan
<b>NCC</b>	-	Nottingham City Council
<b>NET</b>	-	Nottingham Express Transit
<b>NNDR</b>	-	National Non-Domestic Rates
<b>PFI</b>	-	Private Finance Initiative
<b>PPE</b>	-	Property Plant and Equipment
<b>PWLB</b>	-	Public Works Loan Board
<b>REFCUS</b>	-	Revenue Expenditure Financed from Capital under Statute
<b>RSG</b>	-	Revenue Support Grant

### 8.2 Glossary of Financial Terms

Items in **bold** are described further within the glossary.

#### **Accounting Period**

The period of time covered by the Council's accounts. Normally twelve months, beginning on 1 April. Also known as the Financial Year.

#### **Accounting Policies**

The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, measuring and presenting **assets**, **liabilities**, gains, losses and changes to **reserves**.

#### **Accrual**

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Accruals are made for **revenue** and **capital expenditure** and income (see **debtors** and **creditors**).

#### **Actuarial gains and losses**

This reflects the extent to which the movements of the pension assets and liabilities over the accounting year have not been exactly as assumed at the previous accounting date, and also the effect on the pension liabilities of changes to the assumptions used to value them.

#### **Agency Services**

Services that are performed by or for another Council or public body, where the Council responsible for the service reimburses the Council for the cost of that work.

#### **Amortisation**

The writing down of an **intangible asset** reflecting its diminution in value as its useful life expires over time.

#### **Assets**

Items having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year e.g. land, buildings, plant, vehicles and equipment. Current assets can be readily converted into cash.

#### **Bad (and doubtful) Debts**

Debts which may be uneconomical to collect or unrecoverable.

#### **Balance Sheet**

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

#### **Business Rates – see National Non-Domestic Rates**

#### **Capital Adjustment Account**

This account contains the balances previously held on the Capital Financing Account, the Fixed Asset Restatement Account and the Government Grants Deferred Account. The movements in year relate to the amount of capital expenditure financed from revenue, grants and capital receipts. It also contains the difference between amounts provided for depreciation and the amount required to be charged to revenue to repay the principal element of external loans.

#### **Capital Expenditure**

Expenditure on the acquisition or enhancement of property, plant and equipment that has a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

### **Capital Financing Requirement**

An amount calculated from the value of Fixed Assets less the balances on Capital Adjustment Account and **Revaluation Reserve**. This represents the Council's "underlying" need to borrow. The Council is required to make an annual provision from revenue resources to meet its debt repayment obligations. This is known as the **Minimum Revenue Provision**.

### **Capital Receipt**

Money received from the disposal of land and other **assets**, and from the repayment of capital grants and loans made by the Council.

### **Cash and Cash Equivalents**

Cash in hand, cash overdrawn and short term investments that are readily convertible into known amounts of cash.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services. It draws up the Accounting Code of Practices and issues professional guidance used to compile these accounts. CIPFA advises central government and other bodies on local government and public sector finance matters.

### **Code of Practice on Local Authority Accounting (UK)**

Publication produced by **CIPFA** that provides detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

### **Collection Fund**

A separate fund recording the expenditure and income relating to **Council Tax**, **National Non-Domestic Rates** (collected on behalf of the Central Government) and residual community charge.

### **Community Assets**

**Assets** that a local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples are parks and allotments.

### **Consolidated**

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration e.g. debtors.

### **Contingency**

A sum included in the revenue budget to cover unexpected expenditure during the **accounting period**. An example of such an event would be an exceptional price increase not anticipated at the time the budget was constructed.

### **Contingent Liabilities**

A contingent liability is defined as either:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control;
- or a present obligation that arises from past events but is not recognised because either
  - it is not probable that a transfer of economic benefits will be required to settle the obligation or;
  - the amount of the obligation cannot be measured with sufficient reliability.

### **Contingent Rents**

The portion of the lease payments that is not fixed in amount, but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices and future market rates of interest).

### **Contract Assets**

Debtors for goods or services provided by the Council where not all of the goods or services that the Council is required to provide in order to receive payment have been delivered by 31<sup>st</sup> March.

### **Contract Liabilities**

Creditors for goods or services provided by the Council where the Council has received payment but not done everything that is required to retain the payment by 31<sup>st</sup> March.

### **Council Tax**

A local tax set by local authorities in order to meet their budget requirements. There are eight Council Tax bands (Band A to Band H); the amount of Council Tax each household pays depends on the value of the property.

### **Council Tax Benefit**

Assistance provided by billing authorities to adults on low income, with the objective of helping them to pay their **Council Tax** bills.

### **Council Tax Discounts and Exemptions**

Discounts are available to people who live alone and for homes that are not anyone's main home. **Council Tax** is not charged for certain properties, known as exempt properties, such as those only lived in by students.

### **Creditors**

Amounts owed by an authority for works done, goods received or services rendered before the end of an **accounting period**, but for which actual payments had not been made by the end of that accounting period.

### **Current Service Cost**

The increase in present value of a defined benefit pension scheme's **liabilities** expected to arise from employee service in the current financial year.

### **Current Value**

The current value of an **asset** is a measurement of the asset's service potential and can be measured at:

- Existing Use Value – where an active market exists,
- Existing Use Value Social Housing – for council dwellings, or
- Depreciated Replacement Cost– for assets where there is no market and / or the assets are specialised

### **Debtors**

Amounts due to an authority for works done, goods supplied or service rendered before the end of an **accounting period**, but for which actual payments had not been received by the end of that accounting period.

### **Dedicated Schools Grant**

A **specific grant** paid to Local Authorities to fund the cost of running its schools.

### **Defined Benefit Pension Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the

contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Depreciation**

A charge to the revenue account to reflect the reduction in an asset's value as a result of its use in the delivery of services.

### **Direct Revenue Financing**

Capital expenditure funded from revenue budgets.

### **Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

### **External Audit**

The auditor is appointed by **PSAA Ltd** and is required to verify that all statutory and regulatory requirements have been met during the production of the Council's accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

### **Fair Value**

The fair value of an **asset** is the price at which assets or liability could be exchanged between market participants at the measurement date under current market conditions.

### **Finance Lease**

Contracts or contract for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

### **Financial Instrument**

Any contract giving rise to a financial **asset** in one entity and a financial **liability** or equity instrument in another. Examples include the treasury management activity of the Council, including the borrowing and lending of money and the making of investments.

### **Fixed Assets**

Tangible assets which have value to the Council for more than one year.

### **Funding Basis**

The accounting basis that local authorities are required by statute to follow when setting their Council Tax. This is different to the IFRS basis, which is used to produce the Statement of Accounts.

### **General Fund**

The common name for the account which accumulates balances for all services except the **Housing Revenue Account** and the **Collection Fund**.

### **Group Financial Statements**

Where a Council has an interest in another organisation (e.g. a **subsidiary** organisation) group accounts have to be produced. These accounts report the consolidated financial position of the Council and all organisations in which it has an interest.

### **Heritage Assets**

**Assets** with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained principally for their contribution to knowledge and culture.



**Historical Cost**

This represents the original cost of acquisition, construction or purchase of a fixed **asset**.

**Housing Benefit**

Assistance provided by billing authorities to adults on low income, with the objective of helping them to pay their rent. Parts of the cost, including those associated with the running expenses of the scheme, are refunded directly by the Government.

**Housing Revenue Account (HRA)**

Sets out the expenditure and income arising from the provision of social housing by the local authority as landlord.

**Impairment**

A reduction in the value of a fixed **asset**, resulting from financial loss, damage or obsolescence. In order to comply with accounting standards, the Council undertakes annual reviews of its assets to identify any that are impaired.

**Infrastructure Assets**

**Assets** held by local authorities which do not normally have a resale value and for which a useful life span cannot easily be assessed. Examples include highways, bridges and drainage facilities.

**Intangible Assets**

**Assets** that do not have physical substance but are identifiable and controlled by the Council through custom or legal rights.

**International Financial Reporting Standards**

International Financial Reporting Standards are standards and interpretations adopted by the International Accounting Standards Board (IASB). Many of the standards forming part of the IFRS were previously known as International Accounting Standards.

**Investment Properties**

An interest in land and buildings that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services as well as for investment purposes does not meet the definition of an investment property.

**Joint Ventures**

An organisation in which the Council is involved where decisions require the consent of all participants.

**Liability**

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

**Loss Allowance**

An allowance provided for bad debts i.e. credit losses.

**Medium Term Financial Plan (MTFP)**

A plan detailing projected expenditure and available resources over a period of more than one year. The Council's MTFP currently covers three years.

**Minimum Revenue Provision**

The minimum amount that the Council must charge to the income and expenditure account to provide for the repayment of debt.

**National Non-Domestic Rates (NNDR)**

The means by which local businesses contribute to the cost of providing the Council's services. NNDR cover all property consisting of land or buildings not classed as domestic property or exempt from rating. The Valuation Office Agency gives a rateable value to each non-domestic property and this is used by local councils to calculate a property's NNDR.

**Net Revenue Expenditure**

This represents the Council's budget requirement and use of **reserves**.

**Non-Cancellable Lease**

A lease that is cancellable only:

- Upon the occurrence of some remote contingency.
- With the permission on the lessor.
- If the lessee enters into a new lease for the same or an equivalent asset with the same lessor
- Upon payment by the lessee of such an additional amount that, at the inception of the lease, continuation of the lease is reasonably certain.

**Non-operational Assets**

**Assets** held by the Council but not actually used in the direct delivery of services, including surplus assets and **investment properties**. See **Operational Assets**.

**Operating Leases**

A lease where substantially all of the risks and rewards of ownership of a fixed **asset** are retained by the lessor.

**Operational Assets**

**Assets** held by the Council for the purpose of the direct delivery of services for which the Council has either a statutory or discretionary responsibility. See **Non-operational Assets**.

**Outturn**

Actual income and expenditure in an **accounting period**.

**Past Service Cost**

The increase in **liabilities** arising from current year decisions whose effect relates to years of service earned in earlier years.

**PFI Credits**

The financial support provided to Local Authorities to part fund **Private Finance Initiative** capital projects.

**Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

**Precept**

The amount of **Council Tax** income that County Councils, Police authorities, Parish Councils and Fire authorities (precepting authorities) need to provide their services.

**Prior Year Adjustments**

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

## Section 8 – Abbreviations/Glossary

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### **Private Finance Initiative (PFI)**

A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to standards of performance.

### **Provision**

An amount set aside to cover a **liability** that will almost certainly occur, but where the amounts or dates on which the cost will arise are uncertain.

### **Prudential Code**

The Prudential Code ensures, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable.

### **Public Sector Audit Appointments (PSAA) Ltd**

PSAA was incorporated by the Local Government Association (LGA) in August 2014. The Secretary of State for Communities and Local Government has delegated statutory functions on a transitional basis from the Audit Commission Act 1998 to PSAA. Under these transitional arrangements, PSAA is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims. Before 1 April 2015, these responsibilities were discharged by the Audit Commission. The Secretary of State has specified PSAA as an appointing person under provisions of the Local Audit and Accountability Act 2014. For audits of the accounts from 2018/19, PSAA has appointed auditors to relevant principal local government bodies that opt into its national scheme. Grant Thornton UK LLP are the external auditors for Nottingham City Council for 2024/25.

### **Public Works Loans Board (PWLb)**

A Government agency which provides loans, for terms of one year and above, to local authorities. The interest rates applied are only slightly higher than those at which the Government can borrow.

### **Reserves**

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and **provisions** which are set up to meet known liabilities.

### **Residual Value**

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

### **Revaluation Reserve**

This represents the non-distributable increase/decrease in the valuation of fixed **assets**.

### **Revenue Expenditure**

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

This is expenditure that legislation allows to be funded from capital resources that does not result in an **asset** to the Council (e.g. Housing improvement grants). This expenditure is written off to the Income and Expenditure Account in the year it is incurred.

**Revenue Support Grant (RSG)**

Government financial support to aid local authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

**Section 106 contributions**

These are receipts received by the Council from developers for a specific purpose; they arise as a result of a planning agreement between the Council and developer.

**Service Reporting Code of Practice**

Published by **CIPFA** the Service Reporting Code of Practice establishes "proper practice" with regard to consistent financial reporting to enhance the comparability of local authority financial information and was given statutory force in England by regulations under the Local Government Act 2003.

**Single Entity Financial Statements**

The main financial statements for the Council as shown in section 3. The single entity financial statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority maintained schools within the control of the Council.

**Specific Grant**

Government financial support for a specific purpose or service that cannot be spent on anything else.

**Stocks**

Comprise of goods or other **assets** purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances and finished goods.

**Subsidiary and Associated Companies**

An organisation in which the Council has a participating interest and over which it can exercise significant influence e.g. where the Council controls the majority of voting rights.

**Trading Accounts**

Services run commercially to provide services that are mainly funded from fees and charges levied on customers.

**Trust Funds**

Funds administered by a local authority for purposes such as charities, and specific projects and on behalf of minors.

**TUPE**

TUPE stands for Transfer of Undertakings (Protection of Employment). It's a UK employment law that protects employees' rights when a business or service changes ownership or provider.

**Work in Progress**

The value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

# Section 9

# Independent Auditor's Report

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